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ABSTRACT

This publication reports the considerations of a subcommittee to which was referred H.R. Bill 1139 to amend the National School Lunch Act and the Child Nutrition Act of 1966 in order to extend and revise the food service program. The bill would extend through 1982 three child nutrition programs whose authorizations are expiring at the end of fiscal year 1977. The document contains testimony and transcripts submitted concerning the nonfood assistance program, the commodity distribution program, and the summer food service program. (MLF)

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NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

HEARINGS

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR

HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

H.R. 1139

TO EXTEND THROUGH FISCAL YEAR 1982 CERTAIN CHILD NUTRITION PROGRAMS UNDER THE NATIONAL SCHOOL LUNCH ACT AND THE CHILD NUTRITION ACT OF 1966

HEARINGS HELD IN WASHINGTON, D.C.
MARCH 8, 10, 15, 17, 23, 24, 30; APRIL 21; MAY 2, 1977

Printed for the use of the Committee on Education and Labor
CARL D. PERKINS, *Chairman*

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NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

TUESDAY, MARCH 8, 1977

House of Representatives,
Subcommittee on Elementary, Secondary and
Vocational Education
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 8:35 a.m. in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the committee) presiding.

Members present: Representatives Perkins, Simon, Miller, Weiss, Corrada, Pressler, Goodling, and Pursell.

Staff present: John F. Jennings, majority counsel; Charles Radcliffe, minority counsel; B. Clay, subcommittee staff; and Marian Wyman, special assistant to the chairman.

Chairman Perkins. Today, the Subcommittee on Elementary, Secondary and Vocational Education is resuming its oversight hearings on the child nutrition programs. Serving as a basis for these hearings is H.R. 1139, a bill I introduced that would extend through 1982 three child nutrition programs whose authorizations are expiring at the end of this fiscal year.

These programs are the 33⅓ percent set-aside for the nonfood assistance program, the commodity distribution program and the summer food service program.

The subcommittee will focus today on the 33⅓ percent set-aside for the nonfood assistance program. This set-aside enables schools without a food service program and without the facilities to prepare or receive hot meals to purchase the necessary equipment to carry on a child feeding program.

We are here to measure the need for the continuation of these set-aside funds, especially in light of the fact that nine States have recently issued mandates requiring eligible schools to implement certain child nutrition programs.

[Text of H.R. 1139 follows:]

95TH CONGRESS
1ST SESSION

H. R. 1139

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1977

Mr. PERKINS introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To extend through fiscal year 1982 certain child nutrition programs under the National School Lunch Act and the Child Nutrition Act of 1966.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of section 13(a) of the National School Lunch Act is amended by striking out "and" immediately after "September 30, 1976,", and by inserting immediately after "September 30, 1977," the following: "and for each fiscal year thereafter ending prior to October 1, 1982,".

(b) Section 14(a) of the National School Lunch Act is amended by striking out "September 30, 1977" and inserting in lieu thereof "September 30, 1982".

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SEC. 2. The first sentence of section 5(e) of the Child Nutrition Act of 1966 is amended by striking out "and" immediately after "September 30, 1976," and by inserting immediately after "September 30, 1977," the following: "and each fiscal year thereafter ending prior to October 1, 1982,".

Chairman PERKINS. Mr. P. Royal Shipp of the Department of Agriculture is with us to give us a general overview of the States' utilization of these set-aside funds. Mr. James Borough of the Michigan State Department of Education and Mr. John Stalker of the Massachusetts Department of Education are also with us to relate the content of their respective State mandates and the impact that their mandates may have on their States' need for the continuation of this set-aside.

On March 10 the subcommittee will be addressing the problems and accomplishments of the commodity distribution program, especially those issues brought out by the recent GAO study on the impact of the Federal donation of commodities on the school lunch program.

On March 15 and 16, we will continue our oversight of the issues affecting the school lunch program, specifically those issues that surfaced in last year's oversight.

During the following 2 weeks, we will focus our attention on the summer food service program. In light of last summer's abuses, the subcommittee will be primarily concerned with the Federal regulations governing this summer's program.

The end result of these hearings will determine the effectiveness of these programs as they are presently operating and the possible need for improvements, whether they be legislative or administrative.

Our first witness today is Mr. P. Royal Shipp, Acting Administrator of the Food and Nutrition Service, U.S. Department of Agriculture.

Without objection, your prepared statement will be inserted in the record, and you can proceed in any manner that you prefer.

Mr. SHIPP. Thank you, Mr. Chairman. I have here Mr. William G. Boling, on my right, the national manager of the child nutrition programs in the Food and Nutrition Service. On my left is Mr. Lester D. Powell in that division.

If I may, I would like to read this brief statement and then I would be prepared to respond to any questions that you might have, Mr. Chairman.

Chairman PERKINS. Go ahead.

STATEMENT OF P. ROYAL SHIPP, ACTING ADMINISTRATOR, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.; ACCOMPANIED BY WILLIAM G. BOLING, NATIONAL MANAGER OF THE CHILD NUTRITION PROGRAMS; AND LESTER D. POWELL

Mr. SHIPP. Mr. Chairman and members of the committee, I appreciate this opportunity to discuss with you today the non-food assistance program. I think it would be appropriate first to briefly review the history of the program. Non-food assistance was provided under section 5 of the original National School Lunch Act, and $10 million was appropriated for that purpose in 1947.

No further funding was provided until 1967 under the expanded authority of the Child Nutrition Act of 1966. This Act targeted non-food assistance to schools in areas where poor economic conditions exist, the so-called needy schools.

The Department administered the program as a single grant to States which in turn were given fairly wide discretion in distributing the funds to schools within the State.

In 1971, the Department, concerned with the need to expand the National School Lunch Program to all schools, particularly those with needy children, required that 50 percent of the funds be reserved until February 1 of each year in order to assure that schools with no food service facilities would receive priority. Public Law 92–433 adopted that concept as an amendment to the Child Nutrition Act.

The record shows that this provision has succeeded in increasing the amount of assistance to schools without a food service and in bringing large numbers of these schools into the National School Lunch Program. From fiscal year 1973 through fiscal year 1974, $34.3 million was made available to 4,400 schools with an enrollment of 1.9 million children.

These years saw significant growth in the number of children receiving free meals and the entry of most of the inner city schools with large numbers of needy children that were specifically targeted for this assistance. This successful record of performance can be largely attributed to the existence of the reserve provision.

In 1975, Congress enacted Public Law 94–105 and reduced the reserve to one-third of the funds available while expanding the category to include, in addition to schools without a food service program, schools without the facilities to prepare or receive hot meals. These latter schools may already be participating in the program with bag lunches or other unheated meals.

This provision will expire September 30, 1977. H.R. 1139 would extend it through fiscal 1982.

I want to make sure the relationship between this issue regarding non-food school assistance and the budget for fiscal year 1978 is clear. We recognize that the authorization for the non-food assistance program is permanent, and the extension would affect only the one-third reserve provision. The budget submitted by the Ford administration proposed that this program not be funded on the grounds that non-food assistance is no longer needed to expand the National School Lunch Program.

President Carter's review of the budget was limited to items exceeding $100 million. Since the amount involved for this program was $28 million, or less than that, the question of whether to restore funding for non-food assistance was not reviewed in time for these budget revisions. That review is being conducted now, and a final decision will be conveyed to the Senate and House Appropriation Committees shortly.

This, of course, is concerning the money for fiscal year 1978.

Congress can be assured that non-food assistance will always be directed at schools with the greatest need. The Department will do this through established controls to monitor the use of all non-food assistance funds. For example, the management evaluation process will be used to insure compliance with the Department's intention to give first consideration to no program schools.

Mr. Chairman, this concludes my brief opening statement, and I will be pleased to respond to any questions.

Chairman PERKINS. I want to compliment you on your statement.

Let me ask you, Mr. Shipp, do you feel that there is still a need for the continuation of the requirement that sets aside one-third of these equipment funds for schools without programs? In answering this question, could you also relate the State laws requiring schools to offer lunch or breakfast programs?

Mr. SHIPP. Mr. Chairman, as has been the case with funding for this program for 1978—and, as you know, many of the policy-level positions in the Department of Agriculture are not filled at this time, so understanding that, the Department will be making its position known on this issue at a later hearing of your committee here. I could not speak at this time regarding the Department's position on the 33⅓ provision.

Chairman PERKINS. Mr. Miller?

Mr. MILLER. No questions.

Chairman PERKINS. Then I will call on Mr. Goodling.

Mr. GOODLING. I have no questions.

Chairman PERKINS. Mr. Pursell?

Mr. PURSELL. I have no questions.

Chairman PERKINS. Mr. Weiss?

Mr. WEISS. Mr. Shipp, could you tell me how much of the funds are allocated for New York State? Do you have any information on that?

Mr. SHIPP. We have those data here. It might take a minute to——

Mr. WEISS. While you are looking that up, one of the problems that I understand we have run into is that on the basis of this program, the States have been mandating participation in breakfast programs without any relevance to how much money is available. As a result, the local school districts are in no position to really provide a nutrition program and, in order to try to meet the letter of the State requirement for participation under the law, they get engaged in these mass assembly-line programs which have, I guess, some nutrition value, but very limited nutrition value.

I was wondering whether there has been some attention paid to that, to see whether a program really is providing food, whether there is enough, what the tie-in is, between the State action and the Federal policy?

Mr. **Shipp**. I am sorry. I guess I do not understand the question. Are you talking about the relationship of the non-food assistance funds and the programs that were begun?

Mr. **Weiss**. Yes, that is right.

Mr. **Shipp**. Under the law, these funds are set aside or appropriated or allocated to States for use by schools which are unable, using their own resources, to buy the equipment.

Mr. **Weiss**. Right.

Mr. **Shipp**. So these funds have a restricted purpose in that sense. I am not sure I am getting at your concern.

Mr. **Weiss**. Well, the concern and the question that I have is that, by the existence of this program, there is an encouragement on the part of the States, then, to mandate participation in the luncheon and the breakfast program without any further provision by the States, the implication being that the Federal moneys are sufficient to carry the load.

The question really is whether in fact, we know through our studies, or through any figures which you may have to indicate whether, in fact, the moneys which are made available by the Federal Government are sufficient to provide the kind of breakfast program that is intended.

Mr. **Shipp**. Again, you are talking about these funds that we are discussing here for the equipment and non-food assistance.

Mr. **Weiss**. Right.

Mr. **Shipp**. The total amount that has been appropriated for this entire Nation in the last few years has been about $28 million. Do we have the number for New York here?

Mr. **Powell**. The total amount is about $700,000 in New York State. That is the one-third reserve requirement apportioned to New York State for schools without programs.

Mr. **Shipp**. So the amount of these funds in total, spreading across all of the States, is certainly not sufficient to meet all of the requirements for equipment that there are in all of the schools in all of the State, and the intent of the law, and the Department's administration of the law, has been to focus those on the schools where the need for them is the greatest, and under the 33⅓ reserve provision, those schools which do not have the food service now.

Mr. **Weiss**. Thank you very much.

Thank you, Mr. Chairman.

Chairman **Perkins**. Mr. Simon, do you have any questions?

Mr. **Simon**. I have no questions.

Chairman **Perkins**. Thank you very much, Mr. Shipp. We appreciate your coming with your corps of assistants this morning, and your own testimony.

The next witness is Mr. John C. Stalker, director, Bureau of Nutrition Education and School Food Services of Massachusetts and Mr. James L. Borough, supervisor, food and nutrition program, Michigan Department of Education.

[The prepared statement of John C. Stalker follows:]

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM JOHN STALKER, DIRECTOR OF THE BUREAU OF NUTRITION EDUCATION AND SCHOOL FOOD SERVICES, IN THE MASSACHUSETTS STATE DEPARTMENT OF EDUCATION. AS WAS SUGGESTED IN YOUR KIND INVITATION TO TESTIFY BEFORE YOUR COMMITTEE ON H. R. 1139, I WILL ENDEAVOR TO CONFINE MY REMARKS TO A SUMMARY OF OUR STATE MANDATES AND THEIR RELATIONSHIP TO THE FEDERAL LEGISLATION AND ALSO TO COMMENT ON THE PROPOSAL TO CONTINUE THE SET ASIDE OF 33 1/3 OF THE NON-FOOD ASSISTANCE FUNDS APPROPRIATED.

OUR COMPREHENSIVE STATE CHILD NUTRITION LEGISLATION WAS AMENDED IN 1970, MANDATING THE SERVING OF SCHOOL LUNCHES IN ONE SESSION DAY SCHOOLS BY SEPTEMBER, 1972, AND IN ALL OTHER PUBLIC SCHOOLS AS OF SEPTEMBER, 1973. IN ADDITION, IT ALSO MANDATED AS OF SEPTEMBER, 1972, THE SERVING OF BREAKFASTS IN THOSE SCHOOLS IN WHICH 50% OR MORE OF THE CHILDREN ENROLLED WERE APPROVED FOR FREE OR REDUCED PRICE MEALS.

THE BOARD OF EDUCATION AT ITS MEETING ON DECEMBER, 1976, AMENDED ITS BREAKFAST REGULATIONS REQUIRING PUBLIC SCHOOLS IN THE 39 CITIES OF MASSACHUSETTS WITH 40 OR MORE CHILDREN APPROVED FOR FREE OR REDUCED PRICE MEALS TO MAKE AVAILABLE BREAKFASTS TO CHILDREN. ALL OTHER PUBLIC SCHOOLS LOCATED IN THE TOWNS OF MASSACHUSETTS HAVING 100 OR MORE CHILDREN APPROVED FOR FREE OR REDUCED PRICE MEALS WERE REQUIRED TO MAKE BREAKFASTS AVAILABLE TO CHILDREN. THESE NEW REQUIREMENTS FOR CITIES AND TOWNS ARE EFFECTIVE AT THE BEGINNING OF SCHOOL IN SEPTEMBER, 1977. TO EASE THE IMPACT OF THESE REGULATIONS ON THE CITIES AND TOWNS, THE BOARD AGREED TO GRANT WAIVERS IF NECESSARY TO PERMIT THE SERVING OF BREAKFASTS WITHIN THE MINIMUM HOURS ESTABLISHED FOR THE SCHOOL DAY. THE BOARD ALSO REQUESTED THE LEGISLATURE TO PROVIDE 1 1/2 MILLION DOLLARS OF STATE FUNDS TO SUPPLEMENT FEDERAL FUNDS WHEREIN THE MAXIMUM

FEDERAL REIMBURSEMENT RATES ARE INSUFFICIENT TO MEET THE STATE WIDE AVERAGE COST OF SERVING A SCHOOL BREAKFAST. MASSACHUSETTS HAS ALSO BEEN SUPPLEMENTING THE FEDERAL FUNDS FOR THE LUNCH PROGRAM SINCE 1952 AND IS CURRENTLY PROVIDING OVER 8 MILLION DOLLARS IN STATE REIMBURSEMENTS TO SCHOOLS. PRIOR TO THE PROVISION OF SECTION 11 FUNDS, OVER 60% OF THE REIMBURSEMENTS TO SCHOOLS WAS PROVIDED BY THE STATE. TO ACHIEVE THE GOALS WHICH THE CONGRESS HAS SET FOR THE SEVERAL CHILD NUTRITION PROGRAMS REQUIRES THE FULL COOPERATION OF ALL STATE, LOCAL, AND FEDERAL AGENCIES. MASSACHUSETTS HAS CERTAINLY NOT SHIRKED ITS RESPONSIBILITIES IN TRYING TO ACHIEVE THESE GOALS. RATHER THAN TO TAKE TIME HERE TO OUTLINE IN MORE DETAIL OUR COMPREHENSIVE LEGISLATION, I HAVE ATTACHED TO THIS TESTIMONY A COPY OF OUR LEGISLATION AND A RECORD OF OUR BOARD'S RECENT ACTION AMENDING THE BOARD'S SCHOOL BREAKFAST POLICY. I HAVE MARKED IN RED CERTAIN SECTIONS OF THIS MATERIAL WHICH I BELIEVE WILL BE OF PARTICULAR INTEREST TO YOU.

AS THE FIRST STATE TO MANDATE THE SERVING OF TYPE A LUNCHES TO ALL CHILDREN IN PUBLIC SCHOOLS AND BREAKFASTS IN CERTAIN SCHOOLS, WE ARE VERY MUCH AWARE OF THE IMPORTANCE OF HAVING A CERTAIN PORTION OF NON-FOOD ASSISTANCE FUNDS RESERVED TO ASSIST NO-PROGRAM SCHOOLS TO COMPLY WITH A STATE'S MANDATE. SINCE OUR LUNCH MANDATE WAS ADOPTED IN 1970 WITH ALL PUBLIC SCHOOLS REQUIRED TO COMPLY BY SEPTEMBER, 1973, SEVERAL OTHER STATES HAVE ADOPTED LUNCH MANDATES AND MORE RECENTLY BREAKFAST MANDATES.

CURRENTLY, FEDERAL REGULATIONS PROVIDE THAT RESERVED FUNDS MAY BE USED ONLY FOR EQUIPMENT IN NO-PROGRAM SCHOOLS OR SCHOOLS SERVING A COLD LUNCH AND PLANNING TO CHANGE TO A HOT LUNCH.

IN MASSACHUSETTS, ALL PUBLIC SCHOOLS COMPLIED WITH THE MANDATE TO MAKE AVAILABLE EITHER HOT OR COLD SCHOOL LUNCHES TO ALL CHILDREN AS OF SEPTEMBER, 1973.

Federal regulations, prior to the passage of Public Law 94-105 in October, 1975, did not permit the use of reserved funds to assist a school having a lunch program irrespective of whether the lunch was hot or cold. Therefore, in fiscal 1975, we returned $33,248.00 although in that year we could have used this money to convert certain schools from cold to hot lunches.

At this time, in Massachusetts we have 284 private, no-program schools and 18 public school systems in which 197 schools are serving cold lunches. Despite strenuous outreach efforts, we have not been able to get additional private schools to accept the program or to convince those public school systems offering cold Type A lunches to convert to a more acceptable hot lunch at this time. As a result, in fiscal year 1976, we were unable to expend $146,027 of reserved funds. For the transitional quarter in 1976, we returned $40,000 in reserved funds which we were unable to expend although these funds were sorely needed to refurbish many of our older and inadequately equipped schools currently offering hot Type A lunches. Had we been able to provide more adequate facilities in these, I am certain we would have increased the percentage of participating children in such schools. For the current fiscal year 1977, we have at this time an unobligated balance of $238,315 in reserved funds, and it appears at this time that all of this sum or at least a major share of it will revert to the USDA. Therefore, the reserve fund now acts as a deterrent to our meeting the essential equipment needs of many of our schools.

I do recognize that those states who have only recently established mandated lunch programs will have a maximum need for reserved funds to attain their goals which in some instances do not require lunches to be served until

THE END OF FISCAL 1978 OR 1979.

HOWEVER, I KNOW THERE ARE MANY OTHER STATES LIKE MASSACHUSETTS THAT HAVE EITHER ALL OR A MAJORITY OF THEIR SCHOOLS PROVIDING LUNCHES TO CHILDREN AND THEIR UNRESERVED NON-FOOD ASSISTANCE FUNDS ARE ENTIRELY INADEQUATE TO MEET THE ESSENTIAL EQUIPMENT NEEDS OF THEIR SCHOOLS. THEREFORE, IN ORDER TO MEET THEIR FULL POTENTIAL PARTICIPATION, WHICH IS FAR GREATER THAN THAT WHICH WAS ANTICIPATED WHEN THESE SCHOOLS WERE ORIGINALLY BUILT, MORE UNRESERVED FUNDS ARE REQUIRED.

AS ALTERNATIVE TO THE 33 1/3% RESERVE, MAY I SUGGEST THAT (1)THE RESERVED FUNDS FOR 1978 BE SET AT 25% AND REDUCED 5% EACH YEAR THEREAFTER OR (2) THAT NO PART OF THE NON-FOOD ASSISTANCE APPROPRIATION BE RESERVED FOR NO-PROGRAM SCHOOLS, BUT THAT STATES BE REQUIRED TO SET UP A SYSTEM OF PRIORITIES IN THEIR STATE PLANS AND THAT NO-PROGRAM SCHOOLS WOULD HAVE FIRST PRIORITY AND SCHOOLS OFFERING COLD TYPE A LUNCHES SECOND PRIORITY AND STATES WOULD BE REQUIRED TO SUBSTANTIATE THAT SUCH SCHOOLS HAD BEEN ACTUALLY OFFERED THE OPPORTUNITY TO SHARE IN THESE FUNDS BEFORE ALLOCATING TO LOWER PRIORITIES.

UNDER THE FIRST ALTERNATIVE, I BELIEVE SUFFICIENT FUNDS WOULD REVERT FROM OTHER STATES' RESERVED FUNDS TO TAKE CARE OF THOSE STATES HAVING MANDATES FOR LUNCH PROGRAMS THROUGH USDA'S SYSTEM OF REALLOCATING THESE FUNDS. ONCE A STATE HAS ACHIEVED ITS MANDATE, IT WILL BE IN THE SAME POSITION AS MASSACHUSETTS.

FINALLY, ALTHOUGH YOU WILL NOTE IN THE LEGISLATION THE FORMULAS UNDER WHICH STATE FUNDS ARE PROVIDED TO SCHOOLS, I WOULD LIKE TO BRIEFLY OUTLINE SPECIFICALLY THE STATE AND LOCAL FISCAL SUPPORT THE CHILD NUTRITION PROGRAM WILL RECEIVE FROM TAX FUNDS FOR FISCAL 1977 AND 1978:

1. STATE FUNDS FOR PROGRAM ADMINISTRATION (INCLUDES PUBLIC AND PRIVATE SCHOOLS, CHILD CARE PROGRAMS, $446,604.

SUMMER FEEDING, DISTRIBUTION OF FEDERAL FOOD TO CHILD NUTRITION PROGRAMS AND TITLE VII PROGRAMS FOR THE ELDERLY, RESIDENTIAL SCHOOLS, AND SUMMER CAMPS.)

2. SUPPLEMENTAL REIMBURSEMENT OF 6 CENTS ON ALL LUNCHES SERVED IN BOTH PUBLIC AND PRIVATE SCHOOLS. $8,000,000.
3. SUPPLEMENTARY REIMBURSEMENTS ON SCHOOL BREAKFASTS WHEREIN MAXIMUM FEDERAL REIMBURSEMENTS ARE INSUFFICIENT TO MEET THE STATE WIDE AVERAGE COST OF PROVIDING BREAKFASTS. $1,500,000.
4. LOCAL SCHOOL SYSTEMS PROVIDED ADDITIONAL SUPPORT MONIES FOR CHILD NUTRITION PROGRAMS IN THE AMOUNT OF: $29,000,000. (THE STATE REIMBURSES LOCAL SCHOOL SYSTEMS FOR A PORTION OF THESE FUNDS IN ACCORDANCE WITH A PRESCRIBED FORMULA WHICH PROVIDES FOR A VARYING REIMBURSEMENT OF FROM 15% TO 75% AND TAKES INTO CONSIDERATION THE PROPORTIONATE NEED OF EACH SYSTEM.)
5. WHEN THE LUNCH PROGRAM WAS MANDATED, THE STATE ALSO AGREED TO PROVIDE 65% OF THE COST OF BUILDING LOCAL CENTRAL KITCHENS WHICH WAS THE SAME PROPORTION OF AID THE STATE PROVIDED SCHOOL SYSTEMS ON NEW SCHOOLS.

That the Board of Education, in accordance with Chapter 15, as amended by Chapter 871 of the Acts of 1970, hereby establishes the following policy on providing for the availability of school breakfasts to children in the public schools of the Commonwealth:

1. All urban or city schools which have 40 or more of their children approved for free or reduced price meals shall make breakfasts available to children not later than September, 1977.

2. All other schools, suburban or rural, with 100 or more children approved for free or reduced price meals, shall make breakfasts available to children not later than September, 1977.

3. Where a need is demonstrated, or where a cost saving can be achieved, the Board will consider waivers to serve breakfasts during the period of minimum instructional hours per day required by state regulation.

4. The Board will seek funding from the Legislature to cover those approved costs which schools incur in excess of the federal reimbursement. Such funding will cover only the net costs incurred for those expenditures for free and reduced price meals that may otherwise not be reimbursed in part under Chapter 70 or any other law.

5. The Department in implementing the above policy will devise a formula that will take into consideration the greater relative costs in smaller rural and suburban schools and the economies of scale achievable in larger or city schools and the Bureau of Nutritional Education and Food Services will determine the rate of reimbursement based on said formula.

We have been informed that the Governor is including an amount of $1.5 million for the school breakfast program in his budget to be submitted to the Legislature in January. The Board voted to review its policy in June if these funds are not appropriated.

Specific information on implementation of this policy will be mailed to you shortly by the Bureau of Nutrition Education and School Food Services.

Gregory R. Anrig

Gregory R. Anrig

STATE LEGISLATION

BUREAU OF NUTRITION EDUCATION AND SCHOOL FOOD SERVICES

SPECIAL ACT 1948, C. 548

(Including amendments by Chapters 303, 1949; 417, 1950; 538, 1951; 637, 1953; 256, 1954; 889, 1965; 610, 1965; 650, 1969; 871, 1970; 1150, 1973)

AN ACT DESIGNATING THE "STATE EDUCATIONAL AGENCY" AS REQUIRED BY THE UNITED STATES GOVERNMENT IN CARRYING OUT THE PROVISIONS OF THE NATIONAL SCHOOL LUNCH ACT AND CHILD NUTRITION ACTS.

SECTION 1. The board of education is hereby designated as the "State Educational Agency" to represent the commonwealth in dealing with the secretary of agriculture of the United States in carrying out the provisions of the National School Lunch Act as enacted into law on June fourth, nineteen hundred and forty-six, as amended, the Child Nutrition Act of 1966, as amended, and such other federal laws as may be enacted relating to nutrition education and food services to children.

SECTION 2. Pursuant to any power of school committees to operate or provide for the operation of school food service programs in schools under their jurisdiction, a school committee of any town may establish, maintain, operate and expand a school food service program for the pupils in any school building under the jurisdiction of said committee, may make all contracts necessary to provide material, personnel and equipment needed to carry out the provisions of this act; and if necessary may expend funds to meet the matching requirements and any other provisions of said National School Lunch Act, and such other acts as are provided for in section one of this act.

SECTION 3. School committees may use therefor funds disbursed to them under the provisions of this act, gifts and other funds received from sale of school lunches and other meals under such programs. Such contributions received in the form of money, together with fees from the sale of lunches, other meals and any allotments received from the state under the provisions of this act for said purposes, shall be deposited with the treasurer of such town or, in cases where the town is a member of a regional school district, with the treasurer of such district, and held as a separate account and expended by said school committee without appropriation, notwithstanding the provisions of section fifty-three of chapter forty-four of the General Laws. Nothing in this act shall prevent cities or towns from appropriating funds in addition to those provided from other sources.

SECTION 4. The Bureau of Nutrition Education and School Food Services, with the approval of the commissioner, shall prescribe regulations for the keeping of accounts and records and the making of reports by or under the supervision of school committees. Such accounts and records shall at all times be available for inspection and audit by authorized officials and shall be preserved for such period of time, not in excess of five years, as the Bureau may lawfully prescribe. The Bureau shall conduct or cause to be conducted such audits, inspections and administrative reviews of accounts, records and operations with respect to school food service programs as may be necessary to determine whether its agreements with school committees or other sponsors of school food service programs and other regulations made pursuant to this act are being complied with and to insure that school food service programs are effectively administered. The Bureau may by regulations establish standards and qualifications, which shall be subject to the approval of the Board of Education, for the positions of school food service supervisors, managers and other food service personnel which are not subject to chapter thirty-one of the General Laws and establish training programs for such personnel.

SECTION 4a. Notwithstanding the provisions of section four of this act any standards and qualifications, established by regulations thereunder for positions of school food service supervisors, managers and other food service personnel which are not subject to chapter thirty-one of the General Laws, shall not take effect until two years after the promulgation of said regulations by the Bureau of Nutrition Education and School Food Services, nor shall such standards and qualifications apply to any such person who was employed in school food service by a school committee immediately prior to the effective date of such regulations.

SECTION 5. The Bureau of Nutrition Education and School Food Services is hereby authorized to the extent that funds are available for that purpose, and, in cooperation with other appropriate agencies and organizations, to conduct studies as to the methods of improving and expanding school food service programs and promoting nutrition education in the schools, to conduct appraisals of the nutritive benefits of school food service programs and to report its findings and recommendations from time to time to the commissioner of education.

SECTION 6. The commissioner of education is hereby authorized to reimburse, from such funds as may be appropriated therefor, sponsors of nonprofit school food service programs to the extent that federal funds apportioned to the commonwealth are insufficient to provide the full reimbursement to which such sponsors may be entitled pursuant to the provisions of school food service agreements entered into by the Department of Education and such sponsors, in accordance with the provisions of the National School Lunch Act and the Child Nutrition Act of 1966, as amended.

In the event that the federal government discontinues or curtails the reimbursement rates applicable as of November fourteenth, nineteen hundred and seventy-three, allowed for each half pint of milk served to children in schools or child care programs eligible for participation in the Special Milk Program for Children, the commissioner of education is authorized, from such funds as may be appropriated, to reimburse eligible schools or child care programs for the difference in the added cost of each half pint of milk to each pupil as a result of any such discontinuance or curtailment of funds.

The commissioner of education is hereby further authorized to reimburse from such funds as may be appropriated for the purpose of providing free lunches and breakfasts to children, sponsors of nonprofit school food service programs to the extent that federal funds apportioned to the commonwealth for the purpose of providing free meals to children are insufficient to cover the average statewide cost of such free meals as determined by the Bureau of Nutrition Education and School Food Services in the Department of Education. To the extent that funds are available, free meals shall be provided to all children from families whose net incomes and assets are comparable to those of families of like size receiving public assistance and to all children who in the opinion of school officials or public health authorities have need for dietary implementation.

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The term "nonprofit school food service programs," as used in this section, shall mean the school's food services are administered, managed and operated solely by employees of the governing body of said school and all funds received in connection with such services shall be used solely for the operation and improvement of school food services for children.

Upon report to the commissioner of education on such blanks and in such form as he may prescribe, in accordance with the provisions of said National School Lunch Act and said Child Nutrition Act of 1966, of any expenditure hereunder, said commissioner shall, if he approves the same, certify to the comptroller such payments as are due and the state treasurer shall pay the same.

SECTION 7. The commissioner of education is hereby authorized to accept and distribute surplus agricultural commodities donated to the commonwealth by the United States Department of Agriculture for distribution to schools and other eligible agencies, and to supervise, administer and provide means for the distribution of said commodities, and in like manner to provide for the distribution of any other commodities received from the United States, or through said department or any successor thereto, and to enter into agreements and contracts with the federal government and cities, towns and other eligible agencies of the commonwealth for the purposes of this act. Any moneys contributed by the cities, towns, and other eligible agencies within the commonwealth for the maintenance of said activities shall be paid into the state treasury, maintained as an independent fund and disbursed only on authorization of the commissioner of education.

SECTION 8. Nothing in this act shall prevent the Bureau of Nutrition Education and School Food Services from rendering technical, advisory and other assistance to any other schools of the commonwealth which may not be participating under the provisions of the National School Lunch Act and Child Nutrition Act and which may request such assistance in the operation of their school food service program; provided, however, that no financial assistance shall be furnished these schools unless they are complying with all the rules and regulations which may be in effect or be established under the provisions of said acts, as amended, and such other acts as are provided for in section one of this act.

SECTION 9. The Department of Education in cooperation with the Department of Public Health and local superintendents of schools shall be responsible for the development, promotion, supervision and coordination of nutrition education programs in the schools of the commonwealth.

SECTION 10. There shall be employed in the Bureau of Nutrition Education and School Food Services a senior supervisor in education whose duties shall include, among others, the development, promotion, supervision and coordination of nutrition education in the schools of the commonwealth as provided for in section nine.

There shall also be employed by the Bureau six supervisors in education, one for each of the Department's districts, who shall be specialists in nutrition and shall assist the senior supervisor in carrying out the provisions of section nine in order to provide food service programs which satisfy the culinary tastes of the Puerto Rican and immigrant children, to encourage the participation of children and insure the long range effectiveness of the several nutrition programs authorized by this act.

In addition, the Bureau shall provide nutrition education programs for nonprofit preschool child care and summer camp programs; high risk health groups; commodity distribution or other emergency family food programs; elderly feeding and for any other food service programs.

SECTION 11. Contingent on the federal government providing not less than sixty per cent of the national average cost of serving a free lunch to children, the commonwealth agrees to provide from state and local funds, including children's payments, forty per cent or such lesser amount as may be required to meet the full cost of providing free lunches to children in the first year such federal funds are available. Each year thereafter, contingent on the federal government continuing to provide not less than sixty per cent of the cost of such free lunches, the selling price of lunches to children shall be reduced annually by five cents until lunches are available completely free to children.

The ratio of state and local funds required to make up the difference between the extent that federal funds are provided to meet the full cost of providing free lunches to children shall be sixty per cent state and forty per cent local, or an overall ratio of not less than sixty per cent federal funds and not more than thirty per cent state or ten per cent local funds.

SECTION 12. The Bureau of Nutrition Education and School Food Services may, to the extent that federal, state and/or local funds are available, contract with or act in behalf of all or any group of cities, towns or regional school districts for the establishment and operation of one or more regional food service production centers for the purpose of providing meals to children on a more economical basis than could be provided by a community acting individually. The Bureau may also contract with private food service companies on behalf of cities, towns and regional school districts, if so requested by and at the expense of such cities, towns and regional school districts, to provide a complete breakfast, type A lunch, or one or more of their components for delivery to participating nonprofit private or public school, child care center and community center for service by such school, child care center or community center to children or elderly within the eligible participating agencies in accordance with the provisions of this act and chapter seven hundred and three of the acts of nineteen hundred and sixty-nine.

OTHER STATE LEGISLATION AFFECTING THE BUREAU OF NUTRITION EDUCATION AND SCHOOL FOOD SERVICES

Chapter 15 of the General Laws, Section 1G, thirteenth paragraph, as amended by Chapter 871 of the Acts of 1970, Section 1.

The Board shall establish minimum nutritional standards and regulations for all school food services and shall require all public schools operating on a "one session day" to make lunches available to children no later than September, nineteen hundred and seventy-two. The Board shall also require all public schools to make lunches available to children no later than September, nineteen hundred and seventy-three. The Board shall further require all public schools which draw their attendance from areas with a high number of needy children, as defined by the Bureau of Nutrition Education and School Food Services in the Department, to make school breakfast programs available to children no later than September, nineteen hundred and seventy-two.

Chapter 70 of the General Laws, Section 2, Paragraph (c), as amended by Chapter 791, Section 1, of the Acts of 1967, and Chapter 871, Section 6, of the Acts of 1970.

(c) "Reimbursable Expenditures," the total amount expended by a city or town during a fiscal year for the support of public schools during said year exclusive of expenditures for transportation, for food for school food service programs, for special classes for the physically handicapped and the mentally retarded, for programs of vocational education as provided in chapter seventy-four and for capital outlays, after deducting therefrom, any receipts for tuition, receipts from the federal government, the proceeds of any invested funds, and grants, gifts and receipts from any other source, to the extent that such receipts are applicable to such expenditures. The commissioner of education may, by regulation, further define the expenditures and receipts that may be included hereunder.

Chapter 645 of the General Laws, Section 5, definition of "Approved School Project," of the Acts of 1948, as amended by Chapter 703, Section 1, of the Acts of 1957, Chapter 754 of the Acts of 1968, and Chapter 871, Sections 5 and 7, of the Acts of 1970.

"Approved School Project" shall mean any project for the construction or enlargement of a regional, consolidated or county agricultural school, or of any public schoolhouse in any city or town, or of any central food production facility for the purpose of preparing school food services for distribution to any schools in a city, town, county, or regional school district, and shall include the original equipment and furnishings, whether movable or built in, to complete said project, the contract or contracts for which shall have been awarded on or after January the first, nineteen hundred and forty-six, by any city, town, county or regional school building committee, which has been approved by the commission for the purposes of sections seven through nine, inclusive. Approved school project shall, in addition, include any project for the construction, acquisition, or enlargement of central food production facilities for the purpose of preparing school lunches for distribution to any school or schools in a city, town, county or regional school district or for the acquisition of a structure or structures and the alteration thereof for use as central food production facilities for such purpose, and shall include the original equipment and furnishings, whether movable or built in, to complete said project; provided, however, that the contract or contracts for any such project is awarded on or after January the first, nineteen hundred and seventy, and is approved by the commission for the purposes of sections seven through nine, inclusive.

Chapter 15 of the General Laws, Section 1L, as amended by Chapter 1168 of the Acts of 1973, Section 10.

SECTION 10. Chapter 15 of the General Laws is hereby amended by striking out section 1L, added by section 1 of chapter 753 of the acts of 1970, and inserting in place thereof the following section:

SECTION 1L. The school committee of any city or town designated by the secretary of elder affairs may extend the school lunch period for the purpose of serving lunches to authorized elderly persons. Private schools in any city or town so designated may also participate.

The governing body of each city and town shall be responsible for developing a plan for a year-round hot lunch program for the elderly.

The bureau of nutrition education and school food services in the department of education may contract with nonprofit public or private agencies for the preparation and serving of meals to the elderly in accordance with the provisions of this section.

Such meals may be prepared by schools and nonprofit agencies and served on site or in central production centers for service at sites more convenient to the elderly.

The operation of such school lunch programs by public or private schools and nonprofit public or private agencies shall be subject to the following conditions and restrictions:

(1) The charge to such persons for each lunch shall not exceed fifty cents.
(2) The lunches served shall meet the nutritional standards established jointly by the department of education and the secretary of elder affairs.
(3) The procedure determined by such school committee or such private school in serving such lunches shall be approved by the secretary of elder affairs and the bureau of nutrition education and school food services in the department of education.
(4) The secretary of elder affairs shall provide each such person with an identification card authorizing his participation in such lunch programs.

As used in this section, the words "authorized elderly persons" shall mean persons sixty years of age and over and their spouses whose participation in the program has been approved by the secretary of elder affairs. The commonwealth may, subject to appropriation, reimburse any city or town, public school, private school or nonprofit public or private agency for such costs as are incurred in excess of fifty cents for each such lunch prepared and served, upon written request by such city or town, public school, private school or nonprofit public or private agency to the commissioner of education on such form as he may prescribe. If the commissioner approves such request, he shall certify to the comptroller that such payments are due and the state treasurer shall pay the same. Any federal funds provided annually for the purposes of this program shall be expended prior to the use of any funds appropriated by the commonwealth.

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STATEMENT OF JOHN C. STALKER, DIRECTOR, BUREAU OF NUTRITION EDUCATION AND SCHOOL FOOD SERVICES, MASSACHUSETTS DEPARTMENT OF EDUCATION

Mr. STALKER. Mr. Chairman and members of the committee, I am John C. Stalker, director of the Bureau of Nutrition Education and School Food Services in the Massachusetts Department of Education and I appreciate your kind invitation to testify on H.R. 1139, and wish to support the need for these funds to be continued.

As I have provided you with my written testimony and a copy of our comprehensive legislation in Massachusetts, as well as the recent action taken by the board in mandating school lunch, I will try to confine my remarks to the effects of these mandates and comment on the proposal for the set-aside of 33⅓ percent of non-food assistance funds.

In 1970, our comprehensive school lunch legislation and other related laws were amended by chapter 871 of the Act of 1970. At that time, the State mandated the serving of lunches on all one-session day schools by 1972 and in all other schools by 1973.

At that time, it further mandated a breakfast program in all schools having 50 percent or more of the children approved for free and reduced price meals. In mandating the program, they not only did provide additional moneys to support these programs through the amendment to other laws as well. Our State had been providing moneys from 1952 to support the school lunch program, and as of this year, we are supplementing the lunches to the extent of 6 cents per meal, or approximately $8 million.

At the time of the mandate, we further amended our foundation law and provided for the inclusion of any local moneys that would be expended for the support of school food services, and at this time, local communities are providing $29 million and are reimbursed at varying rates from 15 percent to 75 percent of the moneys expended locally.

These are figured on their proportionate need, based on their assessed tax, equalized tax evaluation of property.

In addition, we amended the School Building Act of Massachusetts to provide for the central kitchens that might be needed in the operation of the expanded program and the State agreed to pick up 65 percent of the costs of these school kitchens. In addition, it provided for the supplementation of moneys for free and reduced price lunches by providing a provision which allowed for the State to reimburse for costs in excess of Federal reimbursement up to a statewide average payment for these free and reduced price meals.

Recently, the board took action at its December board meeting to amend its breakfast regulations, and at that time it required that in cities, all schools with 40 or more needy children approved for free or reduced price meals would be required to make available breakfasts, and in towns, they set the figure of 100 children approved for free and reduced price lunches to offer and make available breakfast to all children attending those schools.

As I said, Massachusetts has been supplementing Federal funds since 1952. Prior to the addition of section 11 and performance funding, Massachusetts provided up to 60 percent of the reimbursements that were paid to the schools.

To achieve the goals that Congress has set for these programs requires considerable cooperation between the State, Federal and local agencies and certainly Massachusetts has not shirked its responsibility. As the first State to mandate lunches and breakfasts, we are very much aware of the importance of having reserve funds. Since our mandate in 1970, several of the states have mandated lunches and more recently breakfasts.

The current Federal regulations provide that reserve funds may be used only for no-program schools or for schools that have cold lunches and are planning to provide hot lunches.

In Massachusetts, all public schools complied by September 1973 in providing either a hot or cold lunch. The Federal regulations, as you are aware, prior to the passage of 94–105, did not permit the use of non-food funds if a school was already offering a lunch program, whether it was hot or cold.

As a result, in 1975, Massachusetts returned $33,248 from the reserve funds, although in that year these funds could have been used to convert many of the cold lunches to hot.

At this time, we have 284 private, no-program schools and 18 public school systems with 197 schools serving cold meals. Although we have had strenuous outreach efforts to convert these programs to the serving of meals, we have not been able to convince these people that they should switch from a cold lunch, therefore having completed our mandate, the reserve clause on non-food assistance acts as a deterrent to our meeting the essential equipment needs of many of our other schools, many of them older schools that were planned for a much lower participation and now do not have sufficient equipment to meet the needs in order to provide for increased participation in these schools.

I recognize that those States who have recently mandated lunch programs will have a maximum need for reserve funds to achieve their mandates by 1978 or 1979.

Further, I know also that many States, like Massachusetts, have inadequate unreserved funds to meet the needs of older schools planned for much less participation.

As possible alternatives to the 33⅓ percent reserve, may I suggest a lowering to 25 percent as a compromise with a reduction of 5 percent each year thereafter; or second, no reserve and that States be required to establish a system of priorities, the first priority being for no-program schools and the second priority for schools serving cold lunches to be converted to hot lunches.

States should be required to substantiate that they have made these funds available to those programs before moving to lower priorities.

Under the first suggestion, I believe that sufficient dollars would revert from a majority of the States sufficient to take care of those States having mandates, because after a State achieves its mandate, it will be in the same position as Massachusetts.

Finally, although H.R. 1139 has no reference to SAE funds, it is possible that a request to amend section 7 of the Child Nutrition Act may come before your committee, and I would like to go on record as suggesting that 2 percent of the Federal funds disbursed be provided States for supplementing State administrative funds.

These funds are greatly needed in order to provide with the increased administrative responsibilities required of States by the USDA.

Thank you. I would be glad to answer any questions.

Mr. STALKER. I would also like to tell the committee a little bit on the breakfast mandate, we do have considerable reaction from some of our communities, particularly the smaller towns. From one point of view, they felt that it would be necessary if lunch was to be served before school started to revise their busing schedules at considerable cost, and because of bargaining agreements with teachers, to have to bring those teachers in for the supervision of children, even though many of them might not be participating in the breakfast program, there is also a considerable philosophy that breakfast does take away some of the responsibility of the parents.

The board, in seeking to solve these issues at its recent mandate on breakfast programs, did provide provisions for schools to request a waiver to serve the breakfast within the minimum school day hours, and we believe this will remove the costs that would have been involved by having to serve the breakfast prior to the school day.

Mr. MILLER. Excuse me. Mr. Stalker, in most of the schools, under the new mandate, you serve breakfast and lunch, either hot or cold?

Mr. STALKER. Yes; the majority of them will be under this new provision which is effective, as I said in my testimony, in September 1977 for the breakfast. We have had 660 schools serving breakfast under the old mandate of 50 percent. However, only 294 of those were mandated. The other schools were participating voluntarily without having been mandated.

Mr. MILLER. How long is the school day?

Mr. STALKER. The school day is 5½ hours in the elementary schools and 6 hours in the secondary schools, with variations in some systems.

Mr. MILLER. Do you think that both breakfast and lunch are necessary?

Mr. STALKER. I think certainly that there has been demonstrated in Massachusetts a need for breakfasts, particularly with the nutrition survey that we made a few years back which indicated that there were 139,000 children a day coming to school without breakfast in Massachusetts and 225,000 children a day with very inadequate breakfasts.

Mr. MILLER. What was their environmental background, if you will?

Mr. STALKER. It varied. We had equally as poor nutrition practices in some of the more affluent communities as well as in the needy communities. It was quite widespread throughout the State. The percentages were pretty close in various regions of the State.

Mr. MILLER. So based upon that survey, you have made a determination that it is necessary to mandate a breakfast and a lunch program?

Mr. STALKER. That is correct, sir.

Mr. MILLER. My question was, do you think both of those are necessary, or could you get by with a breakfast program instead of a lunch program?

Mr. STALKER. Well, I do not think the minimum breakfast program meets less than one-third of the day's requirements, and I think it is essential to have the lunch program which does meet one-third or more of the children's needs, depending on the type of meal that is served in a community.

Mr. MILLER. Could you conceive of a meal that could be put together that could be served in midmorning that could take care of both of the problems?

Mr. STALKER. No; I could not conceive of that.

Mr. MILLER. Why?

Mr. STALKER. There is really a need for the breakfast earlier, because a major part of the schoolday is between the starting time and the time that lunch is served, and certainly when children are hungry at that time, they are just going to be thinking of when will lunch be served.

Mr. MILLER. How long is it from the time that lunch is served until the child is dismissed for the day?

Mr. STALKER. Well, generally, if it is a large school there may be several sessions and that they would start at 11 o'clock in the morning, but in many schools children are arriving because of bus schedules much earlier, and that there is a 4-hour, as a minimum, span in there before the first periods for lunch would begin.

Mr. MILLER. So, in your schools, the child would eat in the breakfast program and then it would be 4 hours until lunch?

Mr. STALKER. Yes; but if they have not had anything since the night before at dinner——

Mr. MILLER. I understand that. I am just trying to determine how much time you spend in eating in school. You have breakfast and then you have 4 hours until lunch, and then how long until you are dismissed from school—1 hour, 1½ hours, 2 hours?

Mr. STALKER. Two hours. Generally, 2 o'clock on a one-session day, 2 or 2:30, depending on individual schools is the dismissal time.

Mr. MILLER. So what do you think the impact of that lunch is on the learning abilities for the afternoon sessions?

Mr. STALKER. Well, I think it is equally important for a complete day, particularly where some of these children do come from very needy areas that these are the two best meals of the day, and the dinner meal, need not, in many instances, be adequate for their total day's needs. So that I think it contributes to their total learning process.

Mr. MILLER. So you view this program as a total feeding program rather than a supplemental program.

Mr. STALKER. Well, the breakfast generally in the morning, because we have many schools without onsite facilities, is the minimum type of breakfast which is juice, one-half pint of milk and a cereal where the child pours the milk in—it is a disposable package unit.

Chairman PERKINS. Will the gentleman yield to me?

Mr. MILLER. Yes, Mr. Chairman.

Chairman PERKINS. I want to congratulate the gentleman from California, Mr. Miller, in his questioning. I personally believe that regularity in feeding a child means more to that child's welfare than any other preventative health measure that can possibly be taken from the standpoint of preventative health care in the future of that child. I am a deep believer, myself, in the children having breakfast at a regular time in school because, in this day and age, mothers are working. You have about 10 to 15 million more mothers working today than we had when we wrote the Vocational Education Act in 1963. And so many of them have to rush off to work in the morning and that child does not get breakfast, and it is important that that child has breakfast and lunch at a regular hour, even though the interval may only be 4 hours or even though it may take up some schooltime and even though they may go home at 2 or 3 o'clock.

I personally feel that the feeding programs—I know that we have some problems in connection therewith which I have enumerated this morning, but they are altogether necessary for the general welfare of the child, and to my mind that is a controlling factor in the legislation.

But Mr. Stalker, did the reserve funds Massachusetts sent back to Agriculture go to other States with larger numbers of children without lunch programs, or did this money revert to the Treasury?

Mr. STALKER. It is my understanding that when the moneys are reverted early enough they are provided to the States. I know that in the past when I had a need, I did get additional funds allocated from that fund.

Chairman PERKINS. Mr. Miller, are there any further questions?

Mr. MILLER. Just one.

Your recommendation to the committee, Mr. Stalker, is really that, rather than us setting the priority on the use of the set-aside to the reserve fund, you would have the State set that priority, first to go to non-program schools and then to refurbish or rehabilitate older programs where you are seeking to continue to serve hot lunches. Is that correct?

Mr. STALKER. Well, I did give two alternatives. I really recognize the need for the money in the early years of the mandate. You need more than you get in your unreserved account, and I am sure that a new State that has a mandate is going to need all the money that it can get at that time. So that I did recognize the need of my brother States—and made a compromise suggestion, because I thought 25 percent would, in addition to those States like myself—in this particular year at this time, I have $238,000 of unobligated reserve moneys, which I believe a majority of it will revert to the USDA for redistribution to other States having a need for more reserve moneys.

Mr. MILLER. You would like the option of using that to rehabilitate some of your older schools?

Mr. STALKER. Yes; and I gave that second alternative that States set up a priority system, but they be required to substantiate the fact that they have made it available to no-program schools in their own State first, and that they have taken care of the cold lunch conversion second before they could use it for any other priority.

Mr. MILLER. Thank you.

Chairman PERKINS. Mr. Pursell?

Mr. PURSELL. Just a brief question regarding equipment with declining enrollment nationwide, we find in some areas—in Michigan in particular, but in other States, some of your older schools, you might not have a big enrollment and I do not know if you are closing schools or not, but do you feel that there is equipment available within the State that could be utilized? Would you serve as a clearinghouse for that?

Mr. STALKER. Yes; we would if it was equipment that had been put in from the Federal funds and the 5-year period had not expired on the depreciation of the equipment when it reverts to the community we would transfer it.

But we could not take purchased equipment by a city or town and transfer that to another which had been purchased by them. That would be their property and we would have no authority to transfer that. They would have authority to transfer it within their school system.

Massachusetts at this time is not having a decline in enrollment in total. It is having a decline in some of the lower elementary grades, but the secondary level is increasing at this time, so we have been more or less at a level of enrollment within the State right now.

I really feel that there is quite a gap in participation in States and the need for increasing to more children, but many of the schools, because they have inadequate facilities, they are not able to set up a better program. Now, under the offer versus served, we have been experimenting with the changing of the equipment and a realigning of that equipment in the secondary schools, and by doing this we have found an increased participation in the lunch, allowing for, instead of a straightline system where you would go through to pick up your type A lunch, now we are offering many other choices. We have more of a scrambled system where a larger serving area that the children can go into and then go from one section to another to meet the type A pattern as a choice.

So that in order to do this it means cutting your counters, redesigning your serving area, and even in elementary schools there is a need for replacement equipment and expanded programs. Many of these schools were designed for participation prior to the National School Lunch Program which was much smaller and therefore, I feel we would have many more meals served within the existing schools if non-food assistance is continued.

I see a need for the non-food assistance regardless of your decision on the reserve clause, and I recognize the need in those States that mandate—and I, myself, would be willing to see it at 25 percent reserve to meet their needs. I do not want to be selfish about it, and that is why I gave that as a first recommendation.

Chairman PERKINS. Thank you very much.

Go ahead, Dr. Borough.

STATEMENT OF JAMES L. BOROUGH, SUPERVISOR, FOOD AND NUTRITION PROGRAM, MICHIGAN STATE DEPARTMENT OF EDUCATION

Mr. BOROUGH. Chairman Perkins and distinguished members of the Subcommittee on Elementary, Secondary, and Vocational Education, first I would like to thank you for the opportunity of providing testimony this morning and I will—as long as the written testimony has been submitted. I should like to recap parts of the written testimony.

There are three basic provisions to our Michigan Child Nutrition Act of 1976. It makes a provision for the availability of lunches for all children in all schools; it provides for the availability of breakfast programs for all children in those buildings where there are 20 percent or more of the membership qualified for free or reduced price meals; and the third basic portion is to provide supplemental milk.

Funding is provided for both operations based on the free and reduced price meals and for equipment and for related capital outlay costs. And those guidelines, basically are the same as the Federal guidelines and, in fact, are tied very closely to those guidelines. While our Michigan act does not specifically tie meeting the terms of the act to the Federal program, it does indicate that through reimbursement of structures and reimbursement of equipment structures, it is doubtful that any school in our State could qualify under the terms of the State act without qualifying also under the Federal.

One portion of the written testimony, between the time that I edited the final draft and the printing, a paragraph slipped out some way, and I do not know how. I intended to go into a little more detail on the waivers in our State act, and there are three. First, the waiver is due to a financial emergency, the State board of education may provide a substitute meal or service program in those school districts that do have a financial emergency. The criteria for that particular waiver are currently being written and are not available at this time.

The second is a 1 year extension of the terms of the act, if space is provided for children to eat home-packed meals and if supplemental milk is provided. This is a 1-year provision only and would extend the terms of our State act only for the 1 year; 1977–78.

The other waiver, which should be very interesting to this subcommittee, is that if Federal subsidies drop below the 1975–76 level—and by subsidies, they are talking about meal subsidies, not necessarily equipment—the whole act is waived. That ties it in pretty well with the Federal program, I would say.

I am certain that many of my colleagues would not agree with our position, or at least not 100 percent agree, but we have no choice in Michigan. We desperately need your support on extending the one-third reserve food clause.

That is the end of that testimony, but before I stop I would like to ad lib just a moment on another matter.

I understand that President Carter's budget proposal has not included funding for non-food assistance and proposes a reduction in State-administered expense funds. Without belaboring that subject, I should just like you to know that both of these are badly needed in Michigan to keep these programs growing and expanding.

Thank you very much, Mr. Chairman.

Chairman PERKINS. Let me thank you for a good appearance this morning.

Mr. Pursell, go ahead.

Mr. PURSELL. You have run the Michigan program for several years and I think by and large we have had a quality program statewide. I find in some aspects, at least in my district, where we are having a food subsidy program for children who come from very high-income districts and sometimes in some parts of the other areas of the district, I find that our needy children are not getting adequate help, and I wondered if the purpose of the original act in 1950 was across the board, for everybody, but I wonder if you feel that we are doing a sufficient job in Michigan to treat everybody the same, or that we should put more emphasis on areas where there are children maybe in need of maybe going to a Federal program as well.

Mr. **Borough.** I really believe that—well, for sure, we should probably point more toward the needy child because they have no choice. For financial reasons, they really do need the program because they could not afford to get it any other way. However, at the same time, we have had some similar experiences as Mr. Stalker in some rather unsophisticated surveys that we have done showing the nutritional needs—comparative nutritional needs between the financially needy and those who are a little better off, and surprisingly enough, they approach a similarity, so that I think making the program available for children at the higher income levels certainly does them a service, because at this point the only difference would be that they would pay the full cost of the meal and get a real balanced meal, fairly inexpensively.

Mr. **Pursell.** No further questions.

Chairman **Perkins.** Mr. Miller, do you have any questions?

Mr. **Miller.** I have no questions.

Chairman **Perkins.** Let me ask you gentlemen one question. Many of the States are now requiring both breakfasts and lunches and if we did not renew this equipment provision, many schools would be dependent upon the prepackaged meals, am I correct in that assumption?

Mr. **Borough.** I believe so, because that would be the cheapest way for our schools to get into the program without a lot of equipment expense.

Chairman **Perkins.** And from the standpoint of the welfare of the child, they do not get the nutritious meals that they rightfully deserve unless we have the equipment in that local school system enabling the schools to prepare warm and nutritious meals.

Mr. **Borough.** That is certainly the way we feel about it.

Chairman **Perkins.** Is that one of the reasons that you are recommending the extension of this equipment provision?

Mr. **Borough.** Yes, sir.

Chairman **Perkins.** Do you agree with that, Mr. Stalker?

Mr. **Stalker.** Yes, I do, because unitized meals may provide nutrition, but these are the greatest source of waste in our program because you do not give sufficient choice of the vegetables for them, and when you have an on-site preparation you are able to give two choices of a meal. You are able to give a choice of vegetables and you have far less waste in the program and you meet the needs of children much better than you do with a unitized meal.

Chairman **Perkins.** Mr. Stalker, as director of the Bureau of Nutrition Education and School Food Services of the Massachusetts Department of Education, you feel that if we fail to renew the equipment provision that we will be permitting more waste in the future and if we renew this provision that we will eliminate, to a great degree, the waste that is taking place?

Mr. STALKER. Yes, I do because then you can provide choices when you are preparing on premises. You cannot provide any choice when you are preparing off premises and sending a unitized meal to the school.

Chairman PERKINS. Mr. Corrada, any questions?

Mr. CORRADA. I have no questions.

Chairman PERKINS. Mr. Pressler?

Mr. PRESSLER. I have a couple of questions.

Chairman PERKINS. Go ahead.

Mr. PRESSLER. Do you believe that we should limit the candy machines and pop machines and ice cream bar machines that frequently compete with hot lunches?

Mr. STALKER. I would like to say in Massachusetts we do have a provision that tea, coffee, candy, or carbonated beverages cannot be sold in any school during the regular school day so that the State has taken the initiative to keep out some of the most undesirable of items in the State.

Mr. BOROUGH. Similarly, in Michigan, a part of our new mandate is for the State Department to make a determination of those types of food that shall be sold or served in addition to the regular meals program, and through a—and we are right in the process of writing these rules at the moment, and the plan is at least to submit a proposal for rules that would limit the sale and service of these kinds of foods.

Mr. PRESSLER. Do you think that should be done on a Federal level or a State level?

Mr. BOROUGH. There was a program at the Federal level at one time that was removed. It made it a lot easier for the several States to follow such guidelines if they were provided for at the Federal level, although here again we run into a problem of which is the best way. I am not sure.

I do know that after the Federal guidelines were reduced, we had a rash of this kind of service springing up all over the State of Michigan's schools.

Chairman PERKINS. Thank you very much.

Any further questions, Mr. Miller?

Mr. MILLER. No questions.

Chairman PERKINS. This concludes our hearing for this morning, and let me thank you gentlemen. You have all made excellent witnesses and we appreciate your appearance.

The subcommittee will adjourn.

[Thereupon, at 9:30 a.m. the subcommittee adjourned, to reconvene Thursday, March 10, 1977.]

[Material submitted for inclusion in the record follows:]

IN THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES

COMMITTEE ON EDUCATION AND LABOR

Testimony presented to

Subcommittee on Elementary, Secondary and Vocational Education

The Honorable Carl D. Perkins, Chairman

In Re

HR 1139

Testimony presented by

James L. Borough, Supervisor
Food & Nutrition Program
Michigan Department of Education
Lansing, Michigan 48909
Phone: 517 373-3347

March 8, 1977
Washington, D.C.

Mr. Chairman and Distinguished Members of the Subcommittee:

It is an honor and a privilege for me to appear before you to offer testimony on H.R. 1139. Thank you for the opportunity. Dr. John W. Porter Michigan State Superintendent of Public Instruction is aware of my appearance before the committee and subscribes to the content of the testimony I am about to present.

In order to point out the importance of this bill to the school children in Michigan, I should like to report briefly on our new State Mandatory Food Service Act #454, P.A. 1976.

This act signed into law by Governor Milliken on January 13, 1977 is referred to by many as the Michigan Child Nutrition Act of 1976. It pertains to public schools only and has three basic provisions: Local boards of education must by October 1, 1977

(1) make lunches, which as a minimum, meet U.S.D.A. requirements, available to all children in all schools.

(2) make breakfasts, which as a minimum meet U.S.D.A minimum requirements, available to all children in all schools where 20% of the enrolled children come from families within the income criteria for free and reduced price meals as prescribed by the Michigan Department of Education.

(3) make supplemental milk available to all schools to all children who do not for one reason or another participate in the lunch or breakfast programs.

The act also provides funding for operation, equipment and related capital outlay costs:

A. Operation:

1. For each lunch served free to eligible children an amount not to exceed five cents per lunch or the total cost of the lunch less federal reimbursement.
2. For each lunch served at a reduced price to eligible children an amount not to exceed two cents; or total cost, less federal reimbursement, less the reduced price.
3. There is no provision for breakfast reimbursement as our data shows only a few current programs where federal reimbursements are exceeded.

B. Equipment and Related Capital Outlay Costs: The act provides that the department of education shall determine such costs and report back to the legislature recommending an appropriation based upon the reasonable and actual costs. The act states that the legislature shall appropriate the necessary funds.

1. School lunch - Reasonable and necessary equipment and related capital outlay costs, less federal reimbursement (if any) shall be reimbursed from state funds.

2. School breakfast - No funding is provided for from state sources. Most of these schools would qualify for some federal non-food assistance funds.

These are the basic provisions and as you can readily see while the Michigan act is not by design tied to federal legislation, schools are certainly encouraged to participate in all three national programs through reimbursement structure and minimal meal requirements. In fact it would be most difficult for any district or school to operate under the state act without also participating in the national programs.

There are a couple of waiver possibilities in the act which could delay start up of some programs for two or three years. Although, many of the comments I have received from local superintendents and board members lean toward getting right at it.

As one who has directed the food service programs in Michigan for almost eighteen years, I can say that with this act Michigan has once again moved rapidly forward toward meeting the nutritional needs of its children and youth. And with it, will follow, a greater opportunity for all children to have a chance at physical, mental and educational equality.

HR 1139 as I understand it carries three provisions: Section (a) the extension of the Summer Food Service Program for Children, Section (b) the extension of food purchases for child feeding programs without regard to surplus or price support, and Section (c) the extension of the 1/3 set aside funds reserved for schools without food services.

After careful consideration of all three provisions, I respectfully urge this subcommittee to support the entire bill. I should like to discuss the sections, briefly, in reverse order:

> Section (c) - While all Michigan statistical data is not yet in, which would prove our need, beyond a shadow of a doubt, enough is available to reasonably estimate Michigan equipment needs over the next two to five years. Because of the mandate there will be close to 218 schools qualifying for new breakfast programs and about 475 schools initiating lunch programs. Although the initial thrust will occur during the remainder of 1976-77 and 1977-78, some will probably trickle along through 1981 or 1982, due to the waiver clause in the act. According to our best estimates at this time a total of over $7,000,000

will be needed in equipment and related capital outlay costs. This is without a doubt conservative.

I have estimated the share to be as follows:

Total costs	$7,000,000
Federal share	3,400,000
State share	3,500,000
Local share	100,000

You will note, the figures do not compute to the 75%-25% matching due to the inclusion of some capital outlay costs which are not reimburseable from federal funds but can be included in state reimbursement. Also, there are many no program schools which do not qualify for federal funding due to lack of need as defined in U.S.D.A. regulations.

Compounding the situation, there are 627 non-profit, private no program schools in Michigan which while not required to do so by our new act have already been spurred into activity by the publicity. While these schools would not qualify for state funds, a great many would qualify for federal funds. They have not been included in the estimates.

We will have more exacting data by April 15, 1977 but it is my opinion that our needs for the next two years will balloon from our current allotment of about $750,000 per year. In fact we have on file non-food applications for 1976-77 which already total more than our reserved fund allotment and have almost depleted our unreserved allotment. Incidentially, Michigan has made very good use of these funds over the years, and have been in a position to use every bit of our annual allotments both reserved and unreserved.

Michigan desperately needs funding to the maximum extent possible and even more. For that reason I urge your support of section (c) of HR 1139.

Section (b) - An informal voice poll in a sampling of Michigan public school districts and non public schools indicates an overwhelming majority in support of extending the commodity or food purchase program as it now is. The past two years and particularly this fiscal year have proven to be exceptional in the variety, volume and quality of foods purchased. I heartily request your support of this section.

Section (a) - There is no doubt in my mind about the benefits being provided to needy children under the Summer Food Service Program for Children. Even considering the many trials and tribulations experienced over the past few years, the program is basically sound. It is just now really beginning to focus on the original intent of the Congress, in plugging the nutrition gap for needy children during the summer months.

I urge your support of this section.

I wish to thank the committee again for providing me with this opportunity to offer testimony.

TUCSON PUBLIC SCHOOLS
ROBERT D. MORROW EDUCATION CENTER
P.O. BOX 4040
1010 EAST TENTH STREET
TUCSON, ARIZONA 85717
SCHOOL FOOD SERVICES

March 10, 1977

The Honorable Carl Perkins
House Education & Labor Committee
2181 Rayburn House Office Building
Washington, D. C. 20515

Dear Representative Perkins:

It has just come to my attention that two items pertaining to the Child Nutrition Programs may have inadvertently been omitted from President Carter's fiscal '78 budget proposal. I was pleased to note that the budget recommendation did provide for a special milk program for "no-program" schools.

May I take this opportunity to comment on one of these omissions which has provided much in our ability to meet the educational and nutritional needs of the disadvantaged, and for that matter, all students. I speak specifically in regard to Non-Food Assistance Funds (Section 5, Child Nutrition Act).

Our ability to provide a quality food service has been, and will continue to be, limited by restrictions (1/3 reserve clause) and any possible elimination of the program. Non-food assistance funds have been of vital importance to new (and growing) programs during the early '70's. The need now is for replacement of "cannibalized" equipment in older inner-city schools.

There is a need for some sort of restrictive N.F.A. funding, however, the one-third reserve is excessive. Many new programs since 1970 have been mandated by state or local statute. In the rush to comply, most were forced into a prepackaged system and now are desirous of having on site preparation or bulk transport systems. They now must vie for the non-restricted funds. State input, not a "pulled-from-the-hat" percentage, should be used as the criteria for restricted funds.

In short, Non-Food Assistance Funds are vital, but allocation criteria should be reviewed and actual appropriation should be that authorized by law ($40 million).

If I might also take a minute to relate some comments relative to the USDA Commodity Program. These were originally made to our Congressional Delegation from Southern Arizona and are in regard to HR 1139.

Regardless of the in-grown problems, the commodity program to schools and other institutions is one of the three most vital federal supports to our program. The current cash vs. commodity issue on the surface may sound appealing but in the long run would, I feel, work to our disadvantage. We can't fool ourselves, surplus, price support, economy stimulus, etc. are, and will be, the basis for USDA purchases. The phrase "without regard to surplus and price support" is not the issue.

There is a way to "have our cake and eat it too" (resolve in-grown problems). This would consist of a restrictive/non-restrictive voucher system. The system, as I would envision it, would provide for federally controlled cash options, price support, surplus relief, local economy support, reduced overhead and administrative expenses, as well as other benefits. I cannot see any negative points or inherent problems to this approach.

Your support of Child Nutrition Programs in the past has been most appreciated and we look forward to working with you in the future. If I might ever be of assistance in providing information, please let me know.

Sincerely,

Dale Henson by DF

Dale A. Henson, Director
School Food Services

cc: Louise Frolich (A.S.F.S.A.)

TENO RONCALIO
THE STATE OF WYOMING

[illegible]

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEES:
INTERIOR AND INSULAR AFFAIRS
PUBLIC WORKS AND TRANSPORTATION
JOINT COMMITTEE ON ATOMIC ENERGY
CHAIRMAN
SUBCOMMITTEE ON AGREEMENTS FOR COOPERATION

March 21, 1977

The Honorable Carl D. Perkins
Chairman
Subcommittee on Elementary,
Secondary and Vocational Education
Room B346C, Rayburn Building
Washington, D. C. 20515

Dear Mr. Chairman,

I write to express my support of H. R. 1139, a bill to extend certain child nutrition programs for five years under the National School Lunch Act and the Child Nutrition Act.

I received an excellent letter from one of my constituents at Sheridan College in Wyoming. In her letter, Ms. Debra Schweickart made a statement that I feel would be beneficial to the Subcommittee: "I feel that nutritional guidance and counseling would be very beneficial to children, especially as they are growing up. I also feel that if money is spent for nutrition, it would help to bring about a healthier America."

I echo Ms. Schweickart's support of extension of these child nutrition programs. America's greatest resource is its youth, and it is imperative that we give them every opportunity to develop strong minds and healthy bodies, and it has been shown that proper nutrition is one of the most important factors in this development.

Thank you for your kind attention to my letter, I appreciate having the opportunity to express my support of H. R. 1139.

Respectful~~ly~~ yours,

Teno Roncalio
Congressman for Wyoming

TR/kw

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

THURSDAY, MARCH 10, 1977

House of Representatives,
Subcommittee on Elementary, Secondary and
Vocational Education of the Committee on
Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee), presiding.

Members present: Representatives Perkins, Simon, Weiss, Heftel, Kildee, and Goodling.

Staff present: John F. Jennings, majority counsel; and Charles Radcliffe, minority counsel.

Chairman Perkins. The Subcommittee on Elementary, Secondary and Vocational Education will come to order.

We are holding hearings this morning on H.R. 1139, the National School Lunch and Child Nutrition Act.

Our first witness today was to have been Congressman Richard Gephardt from the Third Congressional District in Missouri. Since Congressman Gephardt has not yet arrived we will hear from Mr. P. Royal Shipp, Acting Director of the Food and Nutrition Service of the U.S. Department of Agriculture.

Our other witnesses today are Mr. James E. Kreinest, president of the National Association of State Agencies for Food Distribution; Dr. Donald B. Erickson, Department of Agricultural Economics at Kansas State University; Mr. Joseph D. Marshburn, executive vice president and general manager of Citrus World, Inc.; and Stanley O. Feldman, of the National Association of Meat Purveyors.

Mr. Shipp, without objection, your statement will be inserted in the record at this point. You may proceed in any manner you prefer.

[The statement referred to follows:]

STATEMENT OF P. ROYAL SHIPP
ACTING ADMINISTRATOR
FOOD AND NUTRITION SERVICE
U.S. DEPARTMENT OF AGRICULTURE
before the
SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION
COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

March 10, 1977

Mr. Chairman and members of the Committee:

It is a pleasure for us to be here today and discuss with you the operations of the Food Distribution Program and specifically the recent Government Accounting Office (GAO) Audit of the Program, "The Impact of Federal Commodity Donations On The School Lunch Program."

Before doing that, however, let me briefly comment on H.R. 1139. We testified on March 8 on the Nonfood Assistance Program without basically taking a position on H.R. 1139, one of the provisions of which would extend the reservation of funds for schools with no food service facilities. We expect to return later this month with specific comments and alternative proposals concerning provisions of H.R. 1139. Pending completion of our comprehensive review of alternative proposals, we would not oppose a simple extension of these authorities for one year.

On January 11, 1977, we replied to the draft report of this Audit and a copy of our letter may be found on pages 46 through 50 of the Audit Report. In our January 11 letter, we stated that we were in general agreement with the findings and conclusions of the audit. I am pleased to report that we have already implemented several of the recommendations made in the report.

It points out four different areas where improvements should be made in the Food Distribution Program. These are:

1. Timely distribution of commodities.
2. Elimination of limited-appeal commodities.
3. Response to commodity preferences of school districts.
4. Commodity options for school districts.

Let me elaborate on each:

First, the timely distribution of commodities. We have now installed a system whereby schools will be able to select from long term shipping periods (4 to 6 months) the precise two-week shipping periods that best meet their needs. This system is now operating, and initial feedback indicates it will reduce storage cost, improve inventories, and reduce repetitive servings of commodities received in large amounts.

Secondly, we concur with the suggestion to eliminate limited-appeal commodities and do not plan to request procurement of such items in the future.

Third, the commodity preferences of school districts. We concur that additional information from school districts is needed regarding the types and amounts of foods they would like to see distributed by the Department. In this regard, we have revised our food preference report to allow States to indicate the number of servings of each commodity they would like to receive. This will be an additional preference guide as well as an indication of the acceptable quantity. Once this form has been approved, we will forward it to all State Distributing Agencies, and request them to survey a representative number of their school districts on food preferences, before submitting their final report.

Fourth, the matter of passing commodity options on to the school districts. We are preparing an instruction to be used by the State Distributing Agencies, setting forth the procedures for offering all USDA commodity options to school districts. A draft of this instruction will be discussed with all States at the National Food Distribution Workshop to be held in July of this year. Immediately after the workshop, the instruction will be finalized and implemented.

The National Food Distribution Workshop will be the forum for discussion with State officials of the conclusions and recommendations of the GAO Audit Report. Because of our close working relationship with these directors, I can assure you of their full cooperation in making the necessary improvements.

Finally, we recognize that the GAO Audit Report addressed additional implications of the food distribution program which will be considered in subsequent hearings of this committee.

STATEMENT OF P. ROYAL SHIPP, ACTING DIRECTOR, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY JUAN DEL CASTILLO, DIRECTOR, FOOD DISTRIBUTION DIVISION; JERRY BOLING, DIRECTOR, CHILD NUTRITION PROGRAM; AND GEORGE HALL, DIRECTOR, BUDGET DIVISION

Mr. SHIPP. Thank you, Mr. Chairman. With your permission, I would like to read this short statement.

Chairman PERKINS. Go right ahead.

Mr. SHIPP. I am accompanied today by Mr. Juan Del Castillo, on my left, who is the director of our Food Distribution Division, Mr. Jerry Boling, director of the Child Nutrition Program in the Department of Agriculture, and Mr. George Hall, director of our Budget Division.

Mr. Chairman and members of the subcommittee: It is a pleasure for us to be here today and discuss with you the operations of the Food Distribution Program and specifically the recent Government Accounting Office audit of the program, "The Impact of Federal Commodity Donations on the School Lunch Program."

Before doing that, however, let me briefly comment on H.R. 1139. We testified on March 8 on the non-food assistance program without basically taking a position on H.R. 1139, one of the provisions of which would extend the reservation of funds for schools with no food service facilities. We expect to return later this month with specific comments and alternative proposals concerning provisions of H.R. 1139.

Pending completion of our comprehensive review of alternative proposals, we would not oppose a simple extension of these authorities for 1 year.

On January 11, 1977, we replied to the draft report of this audit and a copy of our letter may be found on pages 46 through 50 of the report. In our January 11 letter, we stated that we were in general agreement with the findings and conclusions of the audit. I am pleased to report that we have already implemented several of the recommendations made in the report.

It points out four different areas where improvements should be made in the food distribution program. These are: First, timely distribution of commodities; second, elimination of limited-appeal commodities; third, response to commodity preferences of school districts; and fourth, commodity options for school districts.

Let me elaborate on each of these. First, the timely distribution of commodities. We have now installed a system whereby schools will be able to select from long-term shipping periods, 4 to 6 months, the precise 2-week shipping periods that best meet their needs.

This system is now operating, and initial feedback indicates it will reduce storage cost, improve inventories, and reduce repetitive servings of commodities received in large amounts.

Second: We concur with the suggestion to eliminate limited-appeal commodities and do not plan to request procurement of such items in the future.

Third: The commodity preferences of school districts. We concur that additional information from school districts is needed regarding the types and amounts of foods they would like to see distributed by the Department.

In this regard, we have revised our food preference report to allow States to indicate the number of servings of each commodity they would like to receive. This will be an additional preference guide as well as an indication of the acceptable quantity.

Once this form has been approved, we will forward it to all State distributing agencies, and request them to survey a representative number of their school districts on food preferences, before submitting their final report.

Fourth: The matter of passing commodity options on to the school districts. We are preparing an instruction to be used by the State distributing agencies, setting forth the procedures for offering all USDA commodity options to school districts. A draft of this instruction will be discussed with all States at the National Food Distribution Workshop to be held in July of this year. Immediately after the workshop, the instruction will be finalized and implemented.

The national food distribution workshop will be the forum for discussion with State officials of the conclusions and recommendations of the GAO audit report. Because of our close working relationship with these directors, I can assure you of their full cooperation in making the necessary improvements.

Finally, we recognize that the GAO audit report addressed additional implications of the food distribution program which will be considered in subsequent hearings of this committee.

That completes my opening statement. We would be pleased to respond to any questions at this point.

Mr. HEFTEL. Our chairman has had to leave for the moment, so I will take over the rostrum. Mr. Simon, do you have any questions?

Mr. SIMON. Thank you, Mr. Chairman.

If I may, I would like to touch on one question that is not touched on here in your statement. Last year, Mr. Quie of Minnesota, suggested that the food be offered and not the same amount given to each student.

The Chicago Tribune had a series of articles in which they took a look at the waste and the amount of food that was returned. It is very massive. I am curious as to your reaction of the Quie suggestion of the last session.

Mr. SHIPP. There has been written into the law now a provision for high school students whereby they do not have to take all the items offered.

On the question of platewaste, the Department study of that is going to be discussed at a hearing of this committee with Department witnesses next week. I will ask Mr. Boling if he has any additional thoughts about Congressman Quie's suggestion.

Mr. BOLING. We have implemented the high——

Mr. SIMON. The question is, should this be applied across the board. The amount of waste, apparently, is very substantial, also at the elementary level.

Mr. BOLING. We share the concerns reported in the Chicago Tribune articles. The implementation of this provision has apparently been favorably received among school districts.

We have implemented this fall, in all high schools in the United States—or at least it is in the process of being implemented—we have found that it apparently has had a limited impact on the nutritional quality of the meals as consumed by the high school youngsters.

The question of extending that is one under review. But I might say that in the initial arguments against extending that below the high school level, was that high school students, by the time they reach that age level, have their eating patterns pretty well established and there is a very, very definite impact on the younger children in their eating patterns.

Mr. SIMON. Studies indicate there is a difference at the high school level in consumption habits as a result of this, evidently.

Mr. BOLING. We have a study now going on to evaluate that particular aspect. It is brand new, however.

Mr. SHIPP. If I might say this, the GAO report and our own analysis of this situation are consistent in that there is considerable flexibility within the type of pattern.

With proper use of that, and with care given to include preference of the students by the food service people, this problem of plate-waste would be eliminated to a large extent.

Mr. HEFTEL. Mr. Kildee?

Mr. KILDEE. You have a continuing study of the problem of waste. Do you monitor programs in various schools to see why in one school the problem isn't as great as in other schools? I ask that because my own son is in the first grade at Spring Hill School in Fairfax County.

By my own observation, in that particular school—I assume they participate in that particular program, I am not sure—this problem of waste seems to be minimal there. I have seen greater waste problems in other schools. He is new in the school. From my own observations, it is an excellent program there.

Do you have some comparison study why maybe in one school you have less waste than in others?

Mr. BOLING. You know, the biggest single factor, as we do comparisons from district to district, the greatest common factor impacting on the consumption of food by children seems to be the interest of the administrative officials in that school in the program. There are many, many others, and I could catalog them. I don't mean to negate the others, but the single common factor seems to be the administrator's interest placed on the school lunch program in those schools.

Mr. KILDEE. They seem to have a high administrative interest in that school.

Thank you.

Mr. HEFTEL. What would be the effect of using cash instead of the commodities? How would it affect, for instance, price support and the elimination of surpluses?

Mr. Shipp. The studies that have been done in the Department indicated that in fact, in terms of the school districts, that the large school districts appear to be able to buy as economically as the Department of Agriculture can, but the small school districts would have to pay more for the food than the Department can provide it for them. That is one effect.

As far as the effects of surplus removal and price support activities, it would depend on the kinds of products that were bought with the cash made available.

The Department does acquire products, under section 416, and child nutrition programs are an excellent outlet for many of those.

Mr. Heftel. Thank you. I see that our esteemed colleague, Congressman Gephardt, is present.

Congressman, would you like to come forward? Is there room? I guess you will have to move one row back. The reason I would like Mr. Shipp to remain is I am looking at, and have been reading Congressman Gephardt's testimony. I am also looking at a questionnaire that went out to the directors of school lunch programs throughout the country.

Congressman Gephardt, why don't you go ahead, and then we will go into this questionnaire.

STATEMENT OF HON. RICHARD A. GEPHARDT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. Gephardt. Thank you very much. It is a pleasure to be here this morning, and I appreciate this opportunity to give this testimony.

The testimony comes as a result of many conversations I have had over the past few months with school officials in St. Louis—my district is St. Louis city and county—and my testimony really results from those conversations, and their concerns about the school lunch program.

I would like to read through the testimony quickly, if I could, and then submit to questions.

In the 2 months since I entered the Congress, school officials in my district, which includes parts of St. Louis and St. Louis County, have told me some alarming stories about their experience with commodity distribution. I am concerned that if the present situation is allowed to continue, it will cripple a program which has been so valuable in making sure the children of our country get the nutrition they need for their health and education.

I would like to relate for you some of these stories because they reveal problems that ought to be addressed by the Congress as we debate legislation to extend the National School Lunch Act.

Most widespread are reports of massive inventories of some products which it seems could never be exhausted without spoilage or waste. For example, the Rockwood School District in St. Louis County, which serves about 4,500 lunches a day, has a 2½-year supply of peanut butter and a 2-year supply of orange juice.

Another district in the county has on hand 153 cases of cranberries, a notoriously unpopular item which can be served in very few ways. A third district reports an inventory of over 6,200 pounds of margarine, which may not seem unreasonable considering the wide variety of uses for the item. But the same district also has on hand almost 1,300 pounds of butter and another 1,700 pounds of peanut shortening.

Another district—and this is not in the testimony—has reported they have 494 cases of orange juice. This is 5,928 32-ounce cans of frozen concentrate, or 189,596 total ounces. When diluted, the amount comes to 947,980—almost 1 million—ounces of drinkable orange juice, or 273,485 4-ounce servings. If they served every child in the program orange juice every day, it would take 50 days, or 10 weeks to use it up. In this school district, they started the year with 329 cases. By December, he was down to 280 cases, but in January, they received 214 more cases.

In addition, some school districts have reported massive quantities of ground beef, forcing them to serve it three, four and even five times a week. The special school district in the St. Louis area, for example, reported one weekly menu as follows: Monday, barbecued beef on a bun; Tuesday, cheeseburgers; Wednesday, spaghetti with meat sauce; Thursday, meatloaf; Friday, chili.

One of the smaller districts in St. Louis County has on hand 12,155 pounds of ground beef. According to the State allocation rates, that is twice the amount appropriate for the district, and more shipments are due this month.

Other reports demonstrate that commodities are often unsuitable for many schools. There is little use for some commodities, like peanut granules which have been distributed in large quantities this year. Schools can use them for little more than topping on some baked goods; and one school superintendent said that they usually end up as ammunition in peashooters.

Other schools have received peanut shortening but have no facilities for deep frying. The commodity is melted and poured down the drain.

I would like to add here, as you well know, commodities, at least in St. Louis, are not chosen. The school administrators are called and told that the next day or next week a certain commodity and a certain amount of it will be arriving. They then have the option of taking it or refusing it. If they refuse it, that is simply a deficiency in their allocation for that year.

Furthermore, the packaging of commodities is often inappropriate. Packages are either too large, like a 70-pound block of butter, half of which becomes spoiled before the whole block has softened enough to be used; or some are too small, like the 12-pound turkeys that were distributed last year requiring much time and expense on processing before they could be served in the large quantities required in a school cafeteria.

Committee members are familiar with the General Accounting Office report issued in January which found the stories I have heard in St. Louis to be typical of the experience with school lunch programs throughout the country. The large inventories, the lack of variety and the unsuitability of commodities raise costs for the districts and encourage waste by school kitchen staffs and children alike.

Storage of large inventories alone can raise costs for a single school district by as much as $600 a month, particularly if commercial freezers have to be used. One school system in my district is finding it necessary to build additional freezers and warehouses because commercial storage facilities are too far away to provide convenient storage and timely deliveries.

In contrast to the operation of the school lunch program in my home State of Missouri, and elsewhere, is the experience in Kansas, where cash in lieu of commodity assistance for school lunches has proved to be advantageous. You are familiar with the findings of the GAO study there, where most school officials reported they could buy more food with cash than they received under the commodity program.

In talking with the administration in St. Louis a couple of weeks ago—I had a meeting with many of them in my district office in St. Louis—I asked them if they would prefer a cash program to a commodity program. Of course, you understand that this is an urban area and these administrators are all dealing with an urban area. Without qualification, they stated that a cash program would be preferable, with the one concern that the cash assistance be indexed or changed for inflation as time went on, their concern being if they got locked in at 11 cents a meal, that may not be enough 5 or 10 years from now.

They all felt, obviously, they could do better handling cash and run a better program with cash than commodities. The problem is, our agricultural policy is an integral part of the program, and that is a situation that has to be carefully considered. There are many considerations involved because of that.

In Kansas, they have been able to serve a wider variety of food, making the menus more desirable and cutting down on platewaste. Furthermore, their purchases have been better suited to their needs and facilities, thereby lowering storage and processing costs.

Officials of the Kansas City, Kansas school district reported a total annual savings of over $26,000 since cash assistance replaced commodity donations for school lunches. A suburban district, Shawnee Mission, has saved $42,000 per year in freight, storage, and delivery costs since the cash program was implemented.

The subcommittee may be familiar with a study underway at Kansas State University comparing the cash system in Kansas with the commodity system in Oklahoma. Preliminary findings show administrative costs for the Kansas school lunch program are one-quarter those for Oklahoma.

In my view, the findings of the Kansas State University and the GAO studies, as well as the many problems which have come to light about commodity assistance, warrant more careful and constructive action than a simple 5-year extension of the school lunch program as it presently operates.

Cash in lieu of commodity assistance deserves more complete analysis to determine whether it would impair the quality of nutrition provided children under the program, whether it fosters economy and efficiency in the program in all school districts or only those in urban areas, and whether it would damage our agricultural programs which are designed to assure just and adequate incomes for farmers through price supports and surplus removal.

It would also be beneficial to test the feasibility of some combination of cash and commodities, perhaps giving school districts the option of accepting the type of assistance they prefer, or providing cash in lieu of commodities to schools in urban areas while continuing food assistance in rural areas where food purchasing costs tend to be higher.

Finally, some of the administrative recommendations of the Comptroller General should be implemented and evaluated to determine if any statutory changes are needed at all or if the problems I have described this morning can be solved without Congressional action.

I, therefore, urge the committee to extend the school lunch program for only a short period—say 1 or 2 years—during which time a number of pilot projects can be carried out to answer these questions.

The National School Lunch Program has made an outstanding contribution in promoting adequate nutrition for the children of this country. To continue the benefits of the program, it is important that we in the Congress make sure it is operated in a manner that will maximize those benefits while minimizing the costs.

The evidence shows that the present administration of commodity assistance for school lunches, in many respects, incurs unnecessary costs for both the Government and school districts, while lowering nutritional benefits by fostering platewaste, and other waste. The types of controlled experiments I have suggested can help us find the changes most appropriate for realizing the full potential of the school lunch program.

But it seems to me it would be improper and unwise for us to simply extend the present program for 5 long years. We should at least try to set up some pilots to find out how the program could be better run to serve all the needs and interests involved in this tremendously beneficial program.

Mr. HEFTEL. Thank you, Congressman Gephardt.

I am going to, if I may, gentlemen, give you the results of a questionnaire that Chairman Perkins sent out to approximately 15,000 districts, to the lunch program directors.

Five thousand, or one-third, responded to the questionnaire. I don't know what it means when you get a one-third response. Did the two-thirds throw it away not knowing what they were throwing away or did they not care, or did they think it didn't warrant an answer?

Of the responses, these were the significant results. Only 6 percent of them reported that the program created significant problems. Seventeen percent believe the program created moderate problems; 77 percent felt the problems were minor; 31 percent identified the selection of commodities as troublesome; 32 percent identified the quantities of commodities; and 38 percent viewed the quantity received to be a detriment.

Here, we have an interesting cross section. Lastly, only 35 percent prefer cash in lieu of commodities.

This may mean that the smaller school districts responded to the questionnaire because of the fact that only one-third approximately wanted cash in lieu of commodities. But I think it would be interesting for you, Mr. Shipp, to respond, and Congressman Gephardt can respond, for example, and then perhaps he would like to ask you some questions, if that is agreeable to both of you.

Mr. SIMON. If I may suggest, in responding, that you respond specifically to two questions in this statement, which I think is excellent. The more I hear of our new colleague from Missouri, the more I appreciate the choice of the people in his District of Missouri.

I have two questions. One is, is it a realistic administrative alternative to give school districts a choice whether they take a one a year basis, do they make a decision whether they get cash or commodities? Is that a realistic alternative?

Second: One of the things that Representative Gephardt's testimony highlights is a concern that I have had for sometime, and that is sometimes the programs seems geared more to the agricultural needs of the Nation than the educational needs.

Should we, in fact, maybe be shifting the whole administrative process over to tthe Office of Education, from the Department of Agriculture? If you would respond to his statement and answer these two questions, I would be interested.

Mr. Shipp. Let me start with your two questions, Mr. Simon. In terms of being able to administer a choice between school districts or the State selecting cash as opposed to commodities, that would not be a difficult thing to administer from the Federal point of view.

It does get very much into the question of a kind of a policy question—and this is in answer to your second question, too—policy decisions, regarding commodity programs and whether or not this should be transferred out of the Department of Agriculture, have not been made by this administration.

Secretary Bergland is on record as saying he thinks the Food Assistance Programs should remain in the Department of Agriculture. In terms of a further response to the Congressman's testimony, I think the changes we are making in the program now in response to the GAO audit will resolve some of these difficulties or at least make them less problematic.

If I might point out one thing here, the Department of Agriculture provides about 20 percent of the commodities which the school districts use. The other 80 percent are purchased by the districts using the cash assistance which they get from the Department, as well as State and local funds from the children who eat the lunches.

The Department provided frozen hamburger to the schools. This is on a national average basis, which would provide 23 servings during the school year—this is in the past year—about 6 servings of peanut butter; and 2 servings of cranberries. That is an average, and I recognize an average hides a lot of things. It sometimes hides particular situations as apparently occurred in St. Louis. But on a national average basis, that was the amount of commodities which the Federal Government donated to support the school districts.

It doesn't take into account additional commodities which the district bought, which amounts to the other 80 percent of the total commodities.

Mr. Heftel. Congressman Simon.

Mr. Simon. If I could follow through, the question was asked by one of the staff persons, that it wasn't clear whether my question on choice was directed to States or school districts, when you said it was administratively possible.

Mr. Shipp. We deal with the State agencies. As far as any dealings we have with them, and any kind of a State preference, that would not be administratively difficult to do.

I expect the problem would get more complex within the State.

Mr. SIMON. If the State were given that choice. I have no further questions.

Mr. GEPHARDT. In the GAO report, which is really a good report, and I think analyzes correctly a lot of the supply and administrative problems which we feel are capable of being solved, at the bottom of page 38 and the top of page 39, they talk about the cash alternative and some things that have been considered.

I am a little unclear exactly what they mean. It is a little difficult, from the language used, to know what they mean, but at the bottom of the page, they say:

> There is the possibility that going to a total cash system in lieu of Federal commodity donations would hinder achievement of the Department's surplus removal and price support programs unless the purchases of approximately 90,000 schools could be coordinated, within specified time frames, to buy assigned quotas of designated, domestically produced commodities from areas where surpluses were greatest.

I don't know exactly what that statement means, but it does suggest to me there is the possibility that with some administrative changes, we could run some pilot programs in the next year or two to determine the feasibility, and indeed, the appropriateness, of offering cash in lieu of commodities, perhaps on a very restricted basis, to fully study the effectiveness of that program and, at the same time, permit the administrative changes in the total commodity program that are talked about so well in this report. That is all I am suggesting.

Mr. SIMON. You can even have a combination where you give a cash allotment with some incentives for the use. Say we have a great cranberry supply, so there is an incentive to use cranberries. By a reduced price, they would only end up with what every other school district ended up with—I don't remember how many pounds a 6-month supply of cranberries would be.

Mr. GEPHARDT. Exactly.

Mr. SIMON. Thank you, Mr. Chairman.

Mr. HEFTEL. Mr. Shipp, I realize that Hawaii is a very unique State in its composition of backgrounds, and particularly food tastes and habits. But food distribution has not been compatible with the eating habits of 70 percent of the children in Hawaii. Have you looked into the matter of that kind of problem, where your normal distribution doesn't fit the area. Have you targeted Hawaii per se?

Mr. SHIPP. We looked into that problem and made some adjustments in the kinds of products that are allowed to fulfill the type A lunch requirements. Hawaii and Puerto Rico are two of those. We do review that. I will request that Mr. Castillo respond more to the kinds of things we have done in Hawaii, specifically.

Mr. CASTILLO. I am not really aware of any specific complaints that we have had from the State of Hawaii on commodities. We had the Hawaii State officials last year at the American school food service convention and they did not make known to me any particular problems they had with our program. There are agricultural problems within the State of Hawaii that I am aware of as far as the procurement of beef is concerned.

Mr. HEFTEL. We did have some input indicating a concern of the nature of the commodities being used as opposed to the taste and habits of the youngsters of Hawaii. Before we terminate this discussion, I think that the group here, as we have listened to the testimony, would be interested in a specific response to the kinds of things that Congressman Gephardt was eliciting to us from his investigation in Missouri and Kansas.

You covered both States, I thought, rather adequately. Is that an exception and, if so, why? Because it is a fairly serious condemnation of the commonsense approach of the program.

Mr. **Shipp**. I think the survey results that you read indicate widespread acceptance and approval of the commodity program.

Mr. **Heftel**. With one-third of the school districts responding. As I say, we don't know what that means.

Mr. **Shipp**. Yes, sir, that GAO report, itself, concluded that there needed to be some improvements, but that overall, the commodity program was making an important contribution to the school lunch program around the Nation. We have indicated this in our response to this, which is included in the report, some of the changes we are making which we think will help to alleviate the kind of problems found in St. Louis. We would look further into that situation.

Mr. **Heftel**. Are you highly disturbed by Congressman Gephardt's findings in terms of his particular districts in Missouri and Kansas?

Mr. **Shipp**. Yes, yes, that is disturbing. As I say, we can look into that and do what we can to see what the causes of the problems are, and any actions we might take that would prevent that from recurring in other school districts.

Mr. **Heftel**. What do you think of the suggestion of the Congressman from Missouri that we go ahead on a 1- or 2-year plan, rather than a 5-year plan, and that we start using pilot programs to find out what could be done more effectively than the present, overall plan?

Mr. **Shipp**. As I indicated in my statement, and as you know, all of the policy-level people in the Department of Agriculture are not now in place. When they are, and prior to this committee's finishing its consideration of this bill, we will have witnesses from the Department to testify later in the month. We would support a 1-year extension, pending that kind of review.

As far as the matter of pilot projects is concerned, I believe the Department's position is generally to be in favor of those kinds of activities insofar as it is possible to make improvements in the program by their use.

Mr. **Heftel**. The Secretary of Agriculture, Mr. Bergland, is scheduled for a March 31 appearance. Perhaps, by then, we will have some of the answers that I think are brought up in Congressman Gephardt's testimony, which certainly need to be addressed, as I think you would agree; would you not?

Mr. **Shipp**. Yes, sir.

Mr. **Heftel**. Thank you, Mr. Shipp. Thank you, Congressman.

Mr. **Gephardt**. I could supply a list of situations that you might be interested in having, on a kind of district by district basis, the amount of commodities they have and how they create a problem. I think this kind of input would be important because the program shouldn't be that far afield in areas as well populated as Missouri and Kansas.

[Information referred to follows:]

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CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

March 17, 1977

The Honorable Carl D. Perkins
Chairman
Subcommittee on Elementary, Secondary
and Vocational Education
Committee on Education and Labor
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As I promised during my testimony before your Subcommittee on February 10, concerning the National School Lunch Program, enclosed are copies of inventory sheets prepared for the Missouri Department of Elementary and Secondary Education by school districts in the St. Louis area.

The report provides information on the volume and value of commodities that the school district had on hand as of January 31, 1977. I think they further support the testimony I gave with respect to the need for better control of commodity distribution for school lunches.

If you believe additional information would be useful to the Subcommittee as it continues to examine this question and consider legislation to extend the School Lunch Program, please let me know and I will do what I can to provide it.

Again, I appreciate having had the opportunity to appear before your Subcommittee and hope we can continue to work together to develop the most beneficial and efficient School Lunch Program possible.

Yours very truly,

Richard Gephardt
Richard A. Gephardt

RAG:fs
enclosure

ARTHUR L. MALLORY
Commissioner

Area Code 314
751-3526

State of Missouri
DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
P. O. BOX 480
JEFFERSON CITY, MISSOURI 65101

February 24, 1977

Congressman Richard Gephardt
3470 Hampton Avenue
St. Louis, Missouri 63139

Attention: Jim Komorek

Dear Congressman Gephardt:

It was a pleasure visiting with Jim Komorek recently regarding the Government Donated Food Program.

I am happy to provide information on inventories of donated foods in public schools in the St. Louis area as requested. The copies of inventory forms enclosed reflect inventories as reported to us and are current as of the end of January. Where the inventory sheets show two entries in the same month, the entry on the left is the quantity we allocated that month and the other entry reflects their inventory of the respective donated items at the end of the month.

I would caution against drawing any specific conclusions solely on the basis of inventories at a given time. There are many factors that must be considered along with inventories in order to be meaningful, such as, the average number of children served daily, past utilization patterns, when distribution was made, when another allocation is anticipated, whether local quantity purchases of a similar item were made, available storage facilities, whether extensive baking is done, whether meals are prepared from scratch or convenience foods used, whether the state agency had any alternate items to select from, etc.

Mr. Komorek indicated that time will be scheduled for us to discuss the Donated Food Program in further detail within the next week or two. I will be looking forward to this opportunity and hope to have time to review with you the information enclosed and our system of distributing and allocating donated foods.

Your interest in this program and your desire to be informed so that you can determine the direction it should take in the future so as to be of the greatest benefit to all concerned is sincerely appreciated.

Yours very truly,

Wilbert Grannemann, Director
School Food Services

Enclosures

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number: 40-600-3010
Revised: 6.76

Reviewed ____________

1976–77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 115-115

LEA St. Louis City Bd. of Ed.
Avg. Daily Participation Type A 47015
No. Schools Participating 151
Authorized Representative David R. Page, DFS
Ala Carte ____
Agency St. Louis
Telephone No.(s) 314-381-4155
Breakfast 16960
County St. Louis City

	226	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	ADJ'TY	Total Rec.	Est. U.	Total Est. Value
1	68	Butter	29	1972	1926	9	1	608	[illegible]	514							40392		39465
2	30	Cheese	1267	57010	26349	607	226	1228	1172	1058							21650		28434
3	50	Dry Milk	[illegible]	7800	4123	[illegible]	[illegible]	96	[illegible]	33							1150		752
4	25	Dry Beans	728	18700	3014	690	655	602	1582	144							37350		6020
5	30	Flour	236	11350	256	[illegible]	1025	513	195	135							8250		90
6	30	Margarine	975	28250	12723	[illegible]	[illegible]	1676	1554	1304							41700		18201
7	41.35	Peanut Butter	[illegible]	26503	11713	50	[illegible]	547	744	274							30442		14853
8	25	Peanuts	453	20972	15553	900	843	286	286	262							6048		4112
9	[illegible]	Peanut Salad Oil	1285	7410	27071	1051	[illegible]	[illegible]	815	754							19243		15979
10	50	Peanut Shortening	1725	63540	16372	[illegible]	[illegible]	697	1965	1956							72560		36453
11	41.9	Beef/Pork, Cnd.	1572	63960	63425	1517	1472	1411	2493	2006							101135		101258
12	55	Beef, Frozen Ground	1925	10587	7230	[illegible]	2951	3849	9380	2575							139386		100346
13	50	Chicken, Frozen	423	12600	630	335	221	138	110	110							3000		1650
14		Frankfurters, Frozen																	
15	435	Poultry, Cnd.	1012	41324	40716	221	996	[illegible]	1832	1717							74189		47220
16	46	Turkey, Frozen	252	11940	4636	253	202	108	96	758							30200		13892
17	40	Turkey Rolls, Frozen	19	760	900	[illegible]	20	19	23	22							820		909
18		Applesauce, Cnd.	2716	19642		2124	2166	2164	2125	2119									14748
19		Apricots, Cnd.				[illegible]	423	431	419	413									4441
20		Cranberry Sauce, Cnd.	[illegible]		2071	257	[illegible]	543	538	551									6660
21		Orange Juice, Frozen	[illegible]		70	2	6	5	6	541									2901
22		Peaches, Cnd.	441		4344	255	126	220	554	364									3564
23		Pears, Cnd.	[illegible]		15014	[illegible]	1210	223	1151	142									14664
24		Pineapple, Cnd.																	
25		Plums, Cnd.						33	322	325									28040
26	25	Prunes	1012	25450		912	971	465	912	937							33425		8330
27	30	Raisins	557	16710		514	212	[illegible]	465	464							13920		4041
28		Beans, Cnd. Green	871		6454	732	765	1045	1043	1645									12204
29		Corn, Cnd.	548		4137	2159	362	[illegible]	[illegible]	1282									9676
30		Peas, Cnd.	322		2519	331	248	[illegible]	1649	1641									11470
31	30	Potatoes, Frozen Fr. F.	1232	41160	8935	233	61	12	17	3264							48520		21148
32		Potatoes, Sweet Cnd.	251		2304	[illegible]	263	174	160	932									8464
33		Tomatoes, Cnd.	5		44	2	3	1	535	512									4710
34		Tomato Paste, Cnd.	573		2340	[illegible]	957	[illegible]	913	95									12413
35		Fruit [illegible]					615	638	82	55									103
36	50	Pork							272	252							14300		2063
37					$434,544														
38																			$539,317

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number: [illegible]
Revised [illegible]

Reviewed ______

197[illegible] GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-119

LEA: Special Sch. Dist. St. Louis Co.
Authorized Representative: ~~Thomas E. Smith, Assoc. Supt.~~ JERRY HIGGINBOTHAM ADM. ASST.
Telephone Number: 314-562-3700
[illegible] 3303
No. Schools Participating: 14
Area Code: ______
Agency: St. Louis
Operator: ______
County: St. Louis

	AMOUNT	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMOUNT	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter						30	15	3									
2		Cheese							55	121									
3		Dry Milk	[illegible]			16		1											
4		Dry Beans	15			3	3	1	1	50									
5		Flour	21			132	105	90	40	52									
6		Margarine	99			15	6	65	61	45									
7		Peanut Butter	63			[illegible]	41	22	22	32									
8		Peanuts	41			26	31	17	12	12									
9		Peanut Salad Oil	77			[illegible]	[illegible]	60	50	65									
10		Peanut Shortening	163			51	79	69	62	53									
11		Beef/Pork, Cnd.	2							73									
12		Beef, Frozen Ground					155	144	2	35									
13		Chicken, Frozen																	
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	5							61									
16		Turkey, Frozen					43	66	23	22									
17		Turkey Rolls, Frozen								41									
18		Applesauce, Cnd.	11			4	4	4	3	1									
19		Apricots, Cnd.				25	10												
20		Cranberry Sauce, Cnd.							36	34									
21		Orange Juice, Frozen	47			79	65	44	30	145									
22		Peaches, Cnd.						129	76	42									
23		Pears, Cnd.					115	73	43	20									
24		Pineapple, Cnd.																	
25		Plums, Cnd.						39	17	6									
26		Prunes	6			4													
27		Raisins	14			11	9	7	5	3									
28		Beans, Cnd. Green						59	17	1									
29		Corn, Cnd.	14							48									
30		Peas, Cnd.					91	33	7										
31		Potatoes, Frozen Fr. F.								229									
32		Potatoes, Sweet Cnd.								44									
33		Tomatoes, Cnd.								31									
34		Tomato Paste, Cnd.							51	35									
35		Fruit Cocktail					5	26	5										
36		[illegible]								19									
37																			
38																			
39																			

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number [illegible]
Rev. [illegible]

Reviewed ____

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-091

LEA Rockwood R-6
Authorized Representative Dr. William R. Foster, Supt.
Telephone Number 314-587-2531
Ave. Daily Participation Type A 4564
No. Schools Participating 16
[illegible] St. Louis
Agency St. Louis
County St. Louis

	Amount	Items	Opening Inventory	[illegible]	[illegible]	Sept.	Oct.	Nov.	Dec.	[illegible]	[illegible]	[illegible]	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter 66.44	7	1129		1		60	60	6[illegible]		3986							
2		Cheese 27.90	[illegible]	55[illegible]					99	7[illegible]		2204							
3		Dry Milk 32.73		163		4	2	2											
4		Dry Beans 4.25		49		11	8	7	7	31		366							
5		Flour 4.05		354		65	56	45	37	3[illegible]		115							
6		Margarine 13.10		2497		146	10[illegible]	151	122	[illegible]		903							
7		Peanut Butter 19.72		2820		131	156	121	230	33[illegible]		4358	11	900					
8		Peanuts 16.32		1650		68	45	33	24	17		1205							
9		Peanut Salad Oil 11.64		2433		124	95	71	38	23		1819							
10		Peanut Shortening 25.[illegible]	63	4228		142	15	125	174	1[illegible]		2874							
11		Beef/Pork, Cnd. 41.[illegible]	[illegible]	3761		76	65	43	132	12[illegible]		5368							
12		Beef, Frozen Ground [illegible]	49	1900		8	165	297	203	[illegible]		8157							
13		Chicken, Frozen 15			20498														
14		Frankfurters, Frozen																	
15		Poultry, Cnd. 18.15		2152		10	10	10	110	51		3367	31	232					
16		Turkey, Frozen 18.40					177	105	58	5[illegible]		938							
17		Turkey Rolls, Frozen 36.60							78	78		2870							
18		Applesauce, Cnd.	7[illegible]			16	2	1											
19		Apricots, Cnd. 10.[illegible]				32	43	9	6	6		65							
20		Cranberry Sauce, Cnd. [illegible]		196		3[illegible]	15	87	54	84		635							
21		Orange Juice, Frozen 11.78		2532		185	173	14[illegible]	135	177 2[illegible]		3980	34	919					
22		Peaches, Cnd. 9.[illegible]						21	170	121		1147							
23		Pears, Cnd. 9.25	1	9[illegible]			166	148	58	32		274							
24		Pineapple, Cnd.																	
25		Plums, Cnd. 7.90						54	54	28		221							
26		Prunes	17			12	12	9	5	3									
27		Raisins	7[illegible]			10	10	5	4										
28		Beans, Cnd. Green 7.[illegible]	[illegible]	22				101	25	5		37							
29		Corn, Cnd. 7.55						101	73	7		53							
30		Peas, Cnd. 6.96					133	65	8	1		6							
31		Potatoes, Frozen Fr. F. 6.44								332 [illegible]		2074							
32		Potatoes, Sweet Cnd. 9.18								76 76		198							
33		Tomatoes, Cnd. 9.50								60 60		579							
34		Tomato Paste, Cnd. 12.[illegible]	50	512		31	22	22	92	73		435							
35		Fruit Cocktail 12.97					78	56	50	11		121							
36		Rice 7.21							30	20		173	15256						
37					26,461														
38																			
39																			

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Reviewed ____________

Agreement Number 096-089

LEA Ferguson-Florissant R-2

Authorized Representative ~~Margaret Bolin, DFS~~ WARREN M. BROWN, SUPT.

Telephone Number 314-~~521-2020~~ Sta. 225 545-2363

Ave. Daily Participation Type A 8626

[illegible] 3

[illegible] 900

No. Schools Participating 35

[illegible] St. Louis

County St. Louis

	ITEMS	Opening Inventory	July	Aug.	[illegible]	[illegible]	Nov.	Dec.	[illegible]	[illegible]	[illegible]	Apr.	May	[illegible]	AMOUNT	Total Alloc.	Est. Cost	Total Est. Value
1	Butter 1644						11 53	19			9							
2	Cheese 2790	5						1113	253		2058							
3	Dry Milk 3277	87			12	113	36	30	25		818							
4	Dry Beans 407	[illegible]			44	31	15	197	172		697							
5	Flour 425	[illegible]			[illegible]	49	17	7	2		8							
6	Margarine 1310	119			[illegible]		175	[illegible]	[illegible]		1769							
7	Peanut Butter 1972	[illegible]			130	121	104	237	[illegible]		2923							
8	Peanuts 1634	[illegible]			52	24	52	46	35		603							
9	Peanut Salad Oil 2194	[illegible]			12	73	56	30	13		416							
10	Peanut Shortening 2514	[illegible]			[illegible]	6												
11	Beef/Pork, Cnd. 4133				2	25	22	221	178		7256		22702					
12	Beef, Frozen Ground 394	[illegible]				690	295	175	22		1109							
13	Chicken, Frozen 15																	
14	Frankfurters, Frozen																	
15	Poultry, Cnd. 4812				41	38	31	219	219		8149							
16	Turkey, Frozen 184					150	184	72										
17	Turkey Rolls, Frozen [illegible]							150	72		3017							
18	Applesauce, Cnd.	23			12	4	1	1										
19	Apricots, Cnd. 1051				66	22	3											
20	Cranberry Sauce, Cnd. [illegible]	[illegible]			20	13	157	113	81		612							
21	Orange Juice, Frozen [illegible]	[illegible]			120	52	5		144 273		3827							
22	Peaches, Cnd. 490				5		314	75	19		155							
23	Pears, Cnd. [illegible]	3					186	83	20		154							
24	Pineapple, Cnd.																	
25	Plums, Cnd. 17						111 87	40	26		159		39406					
26	Prunes	27			12	11	10	10	5									
27	Raisins	14			9	8	7	6	6									
28	Beans, Cnd. Green 751	16			6	3	144	68	16		118							
29	Corn, Cnd. 735	65			46	36	27	24	191 120		906							
30	Peas, Cnd. 694	4				215	177	161	64		445							
31	Potatoes, Frozen Fr. Fr. [illegible]								108 59		9466							
32	Potatoes, Sweet Cnd. [illegible]	6			4	3	2		144 184		1322							
33	Tomatoes, Cnd. [illegible]								114 44		387							
34	Tomato Paste, Cnd. [illegible]	34			7	3	2	136	89		1160							
35	Fruit Cocktail 1297					134	92	74	49		255							
36	Rice [illegible]								57 56		404							
37																		
38																		
39																		

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DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services
1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Reviewed 9/27/76 Bolton

Agreement Number 096-110

LEA Ritenour

Avg. Daily Participation Type A 3339

No. Schools Participating 14

Authorized Representative Dr. Otto McClintick, Bus. Mgr.

Area Code

Agency St. Louis

Telephone No.(s) 314-429-3500 Ext. 216

Breakfast

County St. Louis

COMMODITY ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
Butter $ 66.44	22			17	48	47	26	3		$	2525						
Cheese 27.90	22			7	5	4	16	24 157			4350						
Dry Milk 32.73	175			12	161	162	1	1			5437						
Dry Beans 4.03	172			102	126	160	159	12			536						
Flour 4.25	2			[illegible]	124	111	95	23			953						
Margarine 13.10	159			42	118	150	131	16			1520						
Peanut Butter 19.74	133			152	175	172	211	117			2346		17693	✓			
Peanuts 16.34	2			54	57	65	80	70			1305						
Peanut Salad Oil 21.96	47						53	56			1227						
Peanut Shortening 25.14	[illegible]			100	144	144	100	110			2514						
Beef w/Pork, Cnd. 41.33	33			2	21	14	21	70			2893						
Beef, Frozen Ground 39.60	111			35	121	150	164	46			1900						
Chicken, Frozen 15	12			11	8	8	8	7			105						
Frankfurters, Frozen																	
Poultry, Cnd. 32.15	46			20	23	24	95	83			3366		30403	✓			
Turkey, Frozen 15.40					60	87	53	25			460						
Turkey Rolls, Frozen 96.80								5			2170						
Applesauce, Cnd.	155			119	94	64	33	2									
Apricots, Cnd. 10.80				154	13	7	6	1			11						
Cranberry Sauce, Cnd. 7.56	111			121	111	111	169	162			1210						
Orange Juice, Frozen	212			175	157	177	167	[illegible]			3356						
Peaches, Cnd. 6.40						156	151	122			1020						
Pears, Cnd. 6.20	68			[illegible]	132	112	74	23			212						
Pineapple, Cnd.																	
Plums, Cnd. 1.90						44	44	27			213						
Prunes	47			30	35	35	27	26									
Raisins	29			29	22	15	13	13					39060	✓			
Beans, Cnd. Green 7.48	14					54	28	6			44						
Corn, Cnd. 7.56	20							45			340						
Peas, Cnd. 6.96					104	86	54	20			139						
Potatoes, Frozen Fr. F. 6.48	54			7				155			998						
Potatoes, Sweet Cnd. 9.48	5																
Tomatoes, Cnd. 9.80							45	44			387						
Tomato Paste, Cnd. 12.48	12			2	1		51	42			539						
Fruit Cocktail 10.47					58	28	6	4			44			✓			
Rice 1.24							22	20			144		41714				

57

Number 41-[illegible]
Revised 6 76

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Reviewed ____________

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-095

LEA Parkway (Chesterfield)
Avg. Daily Participation Type A 5535
No. Schools Participating 27
Authorized Representative Dr. Wayne Fick, Supt.
Alt. Cert. ____
Agency St. Louis
Telephone No.'s 314-434-8412
Breakfast ____
County St. Louis

	AMOUNT	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter 9 16.44						70	63	[illegible]	3724								
2		Cheese 27.96							95	151[illegible]	4301								
3		Dry Milk 32.13	32			[illegible]	[illegible]	25	35	37	853								
4		Dry Beans 4.23	113			71	53	51	112	13	480								
5		Flour 4.25	[illegible]			[illegible]	[illegible]	164	134	[illegible]	541								
6		Margarine 13.10	211			12[illegible]	108	[illegible]	1[illegible]	[illegible]	2162								
7		Peanut Butter 19.78	11[illegible]			12	[illegible]	137	[illegible]	[illegible]	3526								
8		Peanuts 16.34	137			56	13[illegible]	13[illegible]	122	[illegible]	750								
9		Peanut Salad O. 21.94	12[illegible]			[illegible]	13[illegible]	124	125	[illegible]	2017								
10		Peanut Shortening 25.14	237			219	219	219	219	[illegible]	5505								
11		Beef/Pork, Cnd. 41.32	5[illegible]						122	116	4794								
12		Beef, Frozen Ground 33.6	192				170	194	108	21	1228		32287 ✓						
13		Chicken, Frozen 15	39				52												
14		Frankfurters, Frozen																	
15		Poultry, Cnd. 39.15	27						122	136	450								
16		Turkey, Frozen 19.40	3				9[illegible]	121	56	30	552								
17		Turkey Rolls, Frozen 36.80								31 [illegible]	2980		39969 ✓						
18		Applesauce, Cnd.																	
19		Apricots, Cnd. 10.94				29													
20		Cranberry Sauce, Cnd. 9.[illegible]	24			14	13		90	90	680								
21		Orange Juice, Frozen 11.[illegible]	329			31[illegible]	[illegible]0	310	280	[illegible]	5814								
22		Peaches, Cnd. 9.90						171	116										
23		Pears, Cnd. 9.76					192	71											
24		Pineapple, Cnd.																	
25		Plums, Cnd. 7.90						48	5										
26		Prunes	17			2	2												
27		Raisins	20																
28		Beans, Cnd. Green 7.4[illegible]						39											
29		Corn, Cnd. 7.38						123	9	22	166								
30		Peas, Cnd. 6.94						129	85	10	132		46744						
31		Potatoes, Frozen Fr. F. 6th	153			21	11			37 39	2512								
32		Potatoes, Sweet Cnd. 9.6[illegible]	50			4[illegible]	48	46	13	93 93	853								
33		Tomatoes, Cnd. 8.80							73	73	642								
34		Tomato Paste, Cnd. 16.2[illegible]	4						80	82	1056								
35		Fruit Cocktail 8.69					95												
36		Rice 7.21							36 36	36	259		51052 ✓						
37																			
38																			
39																			

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DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Revised ____

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-090

LEA Pattonville R-3
Authorized Representative James L. Eastman, Asst. Supt.
Telephone 314-739-5000
3773
17
St. Louis
County St. Louis

	ITEMS	Opening Inventory	July	Aug	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. L. Cost	Total Est. Value
1	Butter 6644	[illegible]	5182		43	15	54	47	10				2651					
2	Cheese 27.90	[illegible]	12550		6	3		81	104 9				4883					
3	Dry Milk 32.73	3	1014	2101	20	12	18	17	15				491					
4	[illegible] Beans 4.03	[illegible]	425		68	53	25	102	90				363					
5	[illegible] 4.25		265		129	174	161	153	[illegible]				680					
6	Margarine 13.10	125	2135		156	157	220	259	[illegible]				2421					
7	Peanut Butter 19.72	[illegible]	2189		105	98	93	134	137				2901					
8	Peanuts 16.32	8	1452		17	56	34	34	36				424					
9	Peanut Salad Oil 21.94	13	1381		51	24	24	20	3				285					
10	Peanut Shortening 21.14	124	3443	1321	125	115	46	78	[illegible]				1307	16 712				
11	Beef/Pork, Cnd. 41.35	12	4024		83	57	35	113	103				4257					
12	Beef, Frozen Ground 39.60	121	5980	2419	129	219	130 211	311	[illegible]				9742					
13	Chicken, Frozen 15																	
14	Frankfurters, Frozen																	
15	Poultry, Cnd. 39.15	[illegible]	2397		69	56	37	127	133				4815					
16	Turkey, Frozen 19.40					41	46	15	1				18					
17	Turkey Rolls, Frozen 36.90							1	63				2318					
18	Applesauce, Cnd.	129		851	67	26	16	6	2									
19	Apricots, Cnd. 10.54				37	24	12	7	[illegible]				74					
20	Cranberry Sauce, Cnd. 7.56	8	438		54	41	35	74	74				659					
21	Orange Juice, Frozen 7.6	114	1343		63	46	34	19	157				1849					
22	Peaches, Cnd. 7.90				11		120	175	144				1425					
23	Pears, Cnd. 7.20	23	903			125	116	93	69				634					
24	Pineapple, Cnd.																	
25	Plums, Cnd. 7.90						46	45	37				292					
26	Prunes	8			16	1												
27	Raisins	2			3	1								42691				
28	Beans, Cnd. Green 7.4	58	429		16	2	56	82	61				452					
29	Corn, Cnd. 7.55	39	440		5	5			84				634					
30	Peas, Cnd. 6.96					116	91	61	46				520					
31	Potatoes, Frozen Fr. F. 6.44		[illegible]						222				1430					
32	Potatoes, Sweet Cnd. 6.18	45	413		45	31	24	10	10				42					
33	Tomatoes, Cnd. 8.8							50	50				440					
34	Tomato Paste, Cnd. 12.24	16	204		2			59	50				743					
35	Fruit Cocktail 10.	[illegible]				64	40		6				86					
36	Rice 7.21	[illegible]						25	24				173	47 047				
37																		
38			30677															
39																		

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-112

City University City
Avg. Daily Participation Type A 2767
No. Schools Participating 12
Authorized Representative Mrs. Barbara C. Bart, DFS
Agency St. Louis
Telephone No.(s) 314-727-1070 Ext. 229
Breakfast 62
County St. Louis

	AMOUNT	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter	57			60	51	70	5[illegible]	45									
2		Cheese							46	[illegible]									
3		Dry Milk	57			56	[illegible]	50	52	[illegible]									
4		Dry Beans	37			24	26	27	10	[illegible]									
5		Flour	2			[illegible]	[illegible]	20	11	7									
6		Margarine	62			32	12	42	[illegible]	25									
7		Peanut Butter	[illegible]			21	17	[illegible]	92	[illegible]									
8		Peanuts	71			55	33	42	43	10[illegible]									
9		Peanut Salad Oil	72			[illegible]	[illegible]	52	43	4[illegible]									
10		Peanut Shortening	[illegible]			[illegible]	33	14	0	7									
11		Beef/Pork, Cnd.	[illegible]			55	[illegible]	34	90	[illegible]									
12		Beef, Frozen Ground	[illegible]			58	211	227	[illegible]	[illegible]									
13		Chicken, Frozen	12			11	11	11											
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	36			24	34	33	[illegible]	9									
16		Turkey, Frozen					42	96	67	[illegible]									
17		Turkey Rolls, Frozen								[illegible]									
18		Applesauce, Cnd.	127			111	89	76	60	41									
19		Apricots, Cnd.	39			25	17	16	7	3									
20		Cranberry Sauce, Cnd.	46			45	44	4 93	82	27									
21		Orange Juice, Frozen	112			101	99	96	92	117 101									
22		Peaches, Cnd.	7					139	117	111									
23		Pears, Cnd.				32	116	105	92	73									
24		Pineapple, Cnd.																	
25		Plums, Cnd.						36	19	13									
26		Prunes	35			26	25	25	25	25									
27		Raisins	24			13	7	7	6	5									
28		Beans, Cnd. Green	2					53	25	5									
29		Corn, Cnd.	14			7	4	41	26	14									
30		Peas, Cnd.					31	59	50	31									
31		Potatoes, Frozen Fr. F.	36							125 181									
32		Potatoes, Sweet Cnd.	9			8	8	7	6	46 56									
33		Tomatoes, Cnd.								31 25									
34		Tomato Paste, Cnd.	3			1			35	3[illegible]									
35	[illegible]						47	27	6	1									
36	Rice								18	15									
37																			
38																			
39																			

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number 42-[illegible]
Revised [illegible]

Reviewed ____________

1976–77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-115

LEA Wellston
Program Participation Type 1221
No. Schools Participating 4
Authorized Representative Vaughn Megles, Bus. Mgr.
Alloc Date ____________
Agency St. Louis
Telephone No(s) 314 383-2090
Distr. Date ____________
County St. Louis

	FAMILY	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter						1 16	6	6									
2		Cheese							26 11	2									
3		Dry Milk	16			12	13	13	13	12									
4		Dry Beans	27			[illegible]	24	19	17	42									
5		Flour	19			[illegible]	22	[illegible]	20	13									
6		Margarine	35			[illegible]		25	31	22									
7		Peanut Butter	[illegible]			12	13	11	11	3									
8		Peanuts	28			22	[illegible]	15	11	4									
9		Peanut Salad Oil	13			[illegible]													
10		Peanut Shortening	32			[illegible]	32	[illegible]	[illegible]	32									
11		Beef/Pork, Cnd.	11			2			18 22	[illegible]									
12		Beef, Frozen Ground	77			27	54	[illegible]	72	67									
13		Chicken, Frozen	16			9	1	1	1	1									
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	12			12	6	3	27 23	29									
16		Turkey, Frozen					22 22	31	14	35									
17		Turkey Rolls, Frozen							21 21										
18		Applesauce, Cnd.	59			39	19	15	5										
19		Apricots, Cnd.				14 14	2	2	2										
20		Cranberry Sauce, Cnd.	27			25	23	18	22 37	34									
21		Orange Juice, Frozen	78			72	72	66	66	47 111									
22		Peaches, Cnd.	4			2	2	63	60	54									
23		Pears, Cnd.	17			14	14	27	43	32									
24		Pineapple, Cnd.																	
25		Plums, Cnd.						5	1										
26		Prunes	11			7	6	5	5	4									
27		Raisins	14			9	8	7	7										
28		Beans, Cnd. Green	17			9	2	14											
29		Corn, Cnd.	7							27 15									
30		Peas, Cnd.					39 33	18	8										
31		Potatoes, Frozen Fr. F.	80			58	52	48	52	41 132									
32		Potatoes, Sweet Cnd.																	
33		Tomatoes, Cnd.								11 16									
34		Tomato Paste, Cnd.	7			2			19 17	16									
35		Fruit Cocktail					21 21	6	5										
36		Rice							8 7	7									
37																			
38																			
39																			

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Revised ______

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-114

LEA Webster Groves
Average Daily Participation Type A 2025
No. Schools Participating 12
Authorized Representative Esther Emmons, DFS
A la Carte
Agency St. Louis
Telephone Number 314-961-1233, Sta. 255
Breakfast
County St. Louis

	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1	Butter						35	11	7									
2	Cheese	22			2			41	56 59									
3	Dry Milk	38			31	37	23	17	16									
4	Dry Beans	30			21	15	11	5	[illegible] 47									
5	Flour	1			14 62	12	10	2										
6	Margarine	45			6		30	[illegible]	8									
7	Peanut Butter	43			27	21	14	42	34									
8	Peanuts	37			33	39	35	22	[illegible] 67									
9	Peanut Salad Oil	25			27	31	15	2	4									
10	Peanut Shortening	71			53	60	25	49	40									
11	Beef/Pork, Cnd.	21			6	4	3	46	23									
12	Beef, Frozen Ground					34	8	42	8									
13	Chicken, Frozen	-																
14	Frankfurters, Frozen																	
15	Poultry, Cnd.	21			18	12	[illegible]	42	34									
16	Turkey, Frozen					50	35	2	10									
17	Turkey Rolls, Frozen								35									
18	Applesauce, Cnd.	5			4													
19	Apricots, Cnd.				20	15	11	10	9									
20	Cranberry Sauce, Cnd.	16			12	11	41	31	27									
21	Orange Juice, Frozen	117			104	166	52	85	165									
22	Peaches, Cnd.	3			1		93	71	48									
23	Pears, Cnd.	35			23	41	22	72	58									
24	Pineapple, Cnd.																	
25	Plums, Cnd.						24	21	19									
26	Prunes	21			18	16	16	16	12									
27	Raisins	15			14	13	11	11	11									
28	Beans, Cnd. Green						12	2										
29	Corn, Cnd.						33	16	2									
30	Peas, Cnd.					55	41	34	22									
31	Potatoes, Frozen Fr. F.								148 141									
32	Potatoes, Sweet Cnd.	24			24	21	15	14	34 47									
33	Tomatoes, Cnd.								27 15									
34	Tomato Paste, Cnd.	6			2	1		30	22									
35	Fruit Cocktail					31	20	14	5									
36	Rice							13	10									
37																		
38																		

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number [illegible]-3612
Revised [illegible]

Reviewed ____

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-113

LEA Valley Park
Authorized Representative Dr. Ronald W. Rebore, Supt.
Telephone Number 314-225-4151
Avg. Daily Participation Type A 405
Ala Carte ____
Breakfast ____
No. Schools Participating 3
Agency St. Louis
County St. Louis

	AMULT	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMLTY	Total Alloc.	Est. … Cost	Total Est. Value
1		Butter	10					5	2	2									
2		Cheese	22			15	9	5	11	11 13									
3		Dry Milk	6			5	5	5	4	4									
4		Dry Beans	4			2				X 5									
5		Flour	8			11	10	9	8	5									
6		Margarine	12			13	10	17	15	11									
7		Peanut Butter	13			12	11	9	10	2									
8		Peanuts	9			6	4	4	3	12									
9		Peanut Salad																	
10		Peanut Shortening	15			12	11	9	9	[illegible]									
11		Beef/Pork, Cnd.							1	5									
12		Beef, Frozen Ground					15	22	16	12									
13		Chicken, Frozen																	
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	5			2	2	2	11	5									
16		Turkey, Frozen					7	8	2	11									
17		Turkey Rolls, Frozen								[illegible]									
18		Applesauce, Cnd.	15			4													
19		Apricots, Cnd.				4													
20		Cranberry Sauce, Cnd.	1					7 7	6	11									
21		Orange Juice, Frozen	28			35	20	12	17	16 22									
22		Peaches, Cnd.						18	16	10									
23		Pears, Cnd.	2				14	12	11	11									
24		Pineapple, Cnd.																	
25		Plums, Cnd.						5 5											
26		Prunes																	
27		Raisins	4				3	3	3	3									
28		Beans, Cnd. Green				3		5											
29		Corn, Cnd.						6											
30		Peas, Cnd.					9	3											
31		Potatoes, Frozen Fr. F.																	
32		Potatoes, Sweet Cnd.	2			2.				7 7									
33		Tomatoes, Cnd.								5 3									
34		Tomato Paste, Cnd.	4			4	2	2	7	2									
35		Fruit Cocktail					7	4											
36		Rice							3	2									
37																			
38																			
39																			

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services
1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-111

Received [illegible]

Date [illegible] Riverview Gardens

Avg. Daily Participation 2417

No. Schools Participating 12

Authorized Representative Dr. Wayne DeBeer, Asst. Supt.

Agency St. Louis

Telephone No.(s) 314-869-2505

County St. Louis

ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	[illegible]	Total Alloc.	Est. U. Cost	Total Est. Value
Butter						34	21	[illegible]									
Cheese							67	[illegible]									
Dry Milk	11			16	4	8	5	[illegible]									
Dry Beans	22							40									
Flour	26			[illegible]	24	57	54	75									
Margarine	47			5		26	26	19									
Peanut Butter	57			[illegible]	32	29	64	6									
Peanuts	56			11													
Peanut Salad Oil	49						19										
Peanut Shortening	[illegible]			[illegible]	[illegible]	23	[illegible]	3									
[illegible], Cnd.	[illegible]			5				[illegible]									
Beef, Frozen Ground	26				57	109	79	34									
Chicken, Frozen																	
Frankfurters, Frozen																	
Poultry, Cnd.								[illegible]									
Turkey, Frozen						45	12										
Turkey Rolls, Frozen							48	39									
Applesauce, Cnd.																	
Apricots, Cnd.				[illegible]													
Cranberry Sauce, Cnd.	30			27	27	22	55	50									
Orange Juice, Frozen	94			85	[illegible]	51	77	71									
Peaches, Cnd.						70											
Pears, Cnd.						43											
Pineapple, Cnd.																	
Plums, Cnd.						[illegible]											
Prunes	2																
Raisins	12			10													
Beans, Cnd. Green	18			11		53	32	9									
Corn, Cnd.	42			21				54 27									
Peas, Cnd.						50	17	16									
Potatoes, Frozen Fr. F.								167									
Potatoes, Sweet Cnd.																	
Tomatoes, Cnd.								26									
Tomato Paste, Cnd.							34	20									
Fruit Cocktail					41												
Rice							16	14									

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number [illegible]-2018
Revised [illegible]

Received ____________

1976—77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-106

LEA Ladue
Avg. Daily Participation Type A 1084
No. Schools Participating 12
Authorized Representative Carl F. Gunter, FS Mgr.
a la Carte ______
Agency St. Louis
Telephone No(s). 314-992-2500
Breakfast ______
County St. Louis

	AMDLY	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter						11	6										
2		Cheese	1						15	4									
3		Dry Milk	[illegible]			[illegible]	[illegible]	24	[illegible]	[illegible]									
4		Dry Beans	12			16	3			[illegible]									
5		Flour	[illegible]			[illegible]	[illegible]	21	14	[illegible]									
6		Margarine	[illegible]			[illegible]		[illegible]	19	[illegible]									
7		Peanut Butter	[illegible]			[illegible]	21	[illegible]	6	61									
8		Peanuts	[illegible]			[illegible]	10	5	1										
9		Peanut Salad Oil	[illegible]			[illegible]	13	18	12	[illegible]									
10		Peanut Shortening	[illegible]			[illegible]	[illegible]	21	[illegible]	[illegible]									
11		Beef/Pork, Cnd.	13			4			25	[illegible]									
12		Beef, Frozen Ground	[illegible]			[illegible]	27	52	22	[illegible]									
13		Chicken, Frozen	7																
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	2						24	[illegible]									
16		Turkey, Frozen					19	21	31										
17		Turkey Rolls, Frozen								[illegible] 19									
18		Applesauce, Cnd.																	
19		Apricots, Cnd.				12	3												
20		Cranberry Sauce, Cnd.							19	15									
21		Orange Juice, Frozen	[illegible]			17	6			4									
22		Peaches, Cnd.						48	4										
23		Pears, Cnd.						27	9										
24		Pineapple, Cnd.																	
25		Plums, Cnd.						8											
26		Prunes	3			[illegible]													
27		Raisins	5			[illegible]	3												
28		Beans, Cnd. Green	18					25	2										
29		Corn, Cnd.	13							14 24									
30		Peas, Cnd.	1				33	23	9	6									
31		Potatoes, Frozen Fr. F.	[illegible]							[illegible]									
32		Potatoes, Sweet Cnd.	2																
33		Tomatoes, Cnd.								14 14									
34		Tomato Paste, Cnd.	17			16	13	11	25	[illegible]									
35		Fruit Cocktail					11 19												
36		Rice							7	5									
37																			
38																			
39																			

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number [illegible]
Revised [illegible] 76

Reviewed ____

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number -096-107

LEA Maplewood
Daily Participation Type A 967
No. Schools Participating 6
Authorized Representative Dr. Robert M. Hixson, Supt. - Ray Shonk, Asst. Supt.
Agency St. Louis
Telephone Number 314-644-4400
County St. Louis

	AMOUNT	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter					13	9	5	2									
2		Cheese							12										
3		Dry Milk	21			25	22	22	22	[illegible]									
4		Dry Beans	5			7	21			15									
5		Flour	7			35	[illegible]	15	7	[illegible]									
6		Margarine	[illegible]			25	17	23	23	[illegible]									
7		Peanut Butter	1			5	2	2	2	1									
8		Peanuts	23			12	15	16	6	[illegible]									
9		Peanut Salad Oil	23			[illegible]	13	16	16	[illegible]									
10		Peanut Shortening	24				31	[illegible]	30	[illegible]									
11		Beef/Pork, Cnd.	16			1			23	11									
12		Beef, Frozen Ground					29	44	35	7									
13		Chicken, Frozen																	
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	3			2	2	1	21	15									
16		Turkey, Frozen					17	21	6										
17		Turkey Rolls, Frozen								17 11									
18		Applesauce, Cnd.																	
19		Apricots, Cnd.				9													
20		Cranberry Sauce, Cnd.						17	10	15									
21		Orange Juice, Frozen	37			27	23	22	19	[illegible]									
22		Peaches, Cnd.						39	29	23									
23		Pears, Cnd.	1				[illegible]	21	18	13									
24		Pineapple, Cnd.																	
25		Plums, Cnd.						[illegible]	7	5									
26		Prunes	5			5	3	3	2	1									
27		Raisins	6			4	5	5	4	3									
28		Beans, Cnd. Green						12											
29		Corn, Cnd.						13											
30		Peas, Cnd.					18	5	2										
31		Potatoes, Frozen Fr. F.								64									
32		Potatoes, Sweet Cnd.								16 8									
33		Tomatoes, Cnd.								6									
34		Tomato Paste, Cnd.							15 12	7									
35		[illegible]					17	7	4	2									
36		Rice							6	4									
37																			
38																			
39																			

School Food Services

Revised 6-76

Received ____

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-092

LEA Kirkwood R-7

Participation Type A 2422

No. Schools Participating 11

Authorized Representative S. Fred Hawkins, Asst. Supt.; Ken Griffin, FSD

City St. Louis

Telephone No.(s) 314-966-5700

County St. Louis

	AMOUNT ITEMS	Opening Inventory	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMOUNT	Total Alloc.	Est. U. Cost	Total Est. Value
1	Butter						37	32	36									
2	Cheese							52	19									
3	Dry Milk	[illegible]			24	72	27	12	12									
4	Dry Beans	70			71	11	11	3	51 52									
5	Flour	[illegible]			53 68	48	27	17										
6	Margarine	[illegible]			23		20	26	[illegible]									
7	Peanut Butter	[illegible]			50	50	50	104	112									
8	Peanuts				10													
9	Peanut/Salad Oil				51	51	51	8	5									
10	Peanut Shortening	10			106	160	95	93	[illegible]									
11	Beef/Pork, Cnd.	[illegible]			68	52	43	97	[illegible]									
12	Beef, Frozen Ground					88 99	155	111	72									
13	Chicken, Frozen																	
14	Frankfurters, Frozen																	
15	Poultry, Cnd.				10			54	51									
16	Turkey, Frozen					32 32	55	45	31									
17	Turkey Rolls, Frozen							42	23									
18	Applesauce, Cnd.																	
19	Apricots, Cnd.				23 25	14	1											
20	Cranberry Sauce, Cnd.	[illegible]			73	33	25	67	59									
21	Orange Juice, Frozen	75			20	15	5	2	94 94									
22	Peaches, Cnd.						123	114	92									
23	Pears, Cnd.	31					75	57	43									
24	Pineapple, Cnd.																	
25	Plums, Cnd.						31	15	7									
26	Prunes	12																
27	Raisins	[illegible]																
28	Beans, Cnd. Green	22						36	16									
29	Corn, Cnd.	22							54 51									
30	Peas, Cnd.						74	64	62									
31	Potatoes, Frozen Fr. F.	172			36	18			171 171									
32	Potatoes, Sweet Cnd.	27																
33	Tomatoes, Cnd.								32 25									
34	Tomato Paste, Cnd.	10						31	35									
35	Fruit Cocktail					41 41			12									
36	Rice							16	9									
37																		
38																		
39																		

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Date ____

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Revised 6-76

Agreement Number 096-103

District Hancock Place

Average Daily Participation Type A 1226

No. Schools Participating 5

Authorized Representative Roger Brodbeck, Supt. - Richard Eichhorst, Asst. Supt.

Ala Carte ____

Agency St. Louis

Telephone No.'s 314-544-1300 544-1535

Breakfast 143

County St. Louis

AMOUNT ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
Butter	52			22	16	8	14	16									
Cheese	45			5			25	14 14									
Dry Milk	14			12	8	4	5	1									
Dry Beans	6			12	7	3	5	2 3									
Flour	25			[illegible]	14	8	10										
Margarine	32			25	25	22	20	14									
Peanut Butter	18			14	12	9	15	12									
Peanuts	25			1	13	10	6	2									
Peanut Salad Oil	24			[illegible]	12	5	4	[illegible]									
Peanut Shortening	25			14	15	15	12	[illegible]									
Beef/Pork, Cnd.	37			12	19		1	[illegible]									
Beef, Frozen Ground	45			5	44	17	35	3									
Chicken, Frozen																	
Frankfurters, Frozen																	
Poultry, Cnd.	15			11	5	5	10	16									
Turkey, Frozen					22	16	30	12									
Turkey Rolls, Frozen								21 14									
Applesauce, Cnd.	30			11	7		2										
Apricots, Cnd.				6	5	2											
Cranberry Sauce, Cnd.	5						17	14									
Orange Juice, Frozen	72			13	25	4		47 47									
Peaches, Cnd.						43	35	16									
Pears, Cnd.	9			[illegible]		35	28	11									
Pineapple, Cnd.																	
Plums, Cnd.						14	5	7									
Prunes	9			6	3	2	1										
Raisins	13			11	8	8	5	4									
Beans, Cnd. Green	4					24	11	2									
Corn, Cnd.	9							17 16									
Peas, Cnd.						30	16	2									
Potatoes, Frozen Fr. F.																	
Potatoes, Sweet Cnd.	24			33	22	7	5	18									
Tomatoes, Cnd.								16 15									
Tomato Paste, Cnd.	11					2	16	12									
Fruit Cocktail					21 21	7											
Pear							5 7	4									

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Received 7/23/76

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

1976–77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Number 20-[illegible]-3015
Revised [illegible]

Agreement Number 096-102

LEA Clayton
Avg. Daily Participation Type A 704
No. Schools Participating 6
Authorized Representative Donald E. Houston, Bus. Mgr.
Ala Carte
Agency St. Louis
Telephone No.(s) 314-726-2550
Breakfast
County St. Louis

	ITEMS	Opening Inventory	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1	Butter						8	3	1									
2	Cheese	2						11	7									
3	Dry Milk	35			[illegible]	32	30	21	22									
4	Dry Beans	9			6	2	2	1	15 13									
5	Flour				[illegible]	15	5											
6	Margarine	2					7	10	4									
7	Peanut Butter	3			[illegible]			64	[illegible]									
8	Peanuts	[illegible]			6	4	4		[illegible]									
9	Peanut Salad Oil	12			[illegible]	2	1	[illegible]	4									
10	Peanut Shortening	[illegible]			[illegible]													
11	Beef/Pork, Cnd.	[illegible]			[illegible]	1		12	[illegible]									
12	Beef, Frozen Ground					15	32	20	[illegible]									
13	Chicken, Frozen																	
14	Frankfurters, Frozen																	
15	Poultry, Cnd.	1			1	1	1	12	15									
16	Turkey, Frozen					8	14	9	[illegible]									
17	Turkey Rolls, Frozen								[illegible]									
18	Applesauce, Cnd.																	
19	Apricots, Cnd.				5	4												
20	Cranberry Sauce, Cnd.	6			[illegible]	3	15		13									
21	Orange Juice, Frozen	27			[illegible]	3	3	2	[illegible]									
22	Peaches, Cnd.						32	22	17									
23	Pears, Cnd.	1				[illegible]	21	13	6									
24	Pineapple, Cnd.																	
25	Plums, Cnd.						1 9	1										
26	Prunes	2			1	1	1											
27	Raisins	1																
28	Beans, Cnd. Green						15	6										
29	Corn, Cnd.	6					16	7										
30	Peas, Cnd.					22		17	8									
31	Potatoes, Frozen Fr. F.								10									
32	Potatoes, Sweet Cnd.	3			2	2	2	1	12 12									
33	Tomatoes, Cnd.								3 5									
34	Tomato Paste, Cnd.							9	7									
35	Fruit Cocktail					12	8											
36	Rice								5 2									
37																		
38																		
39																		

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Received [illegible]

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement No. 096-094

LEA Mehlville R-9 4532
Number of Schools Participating 16
Authorized Representative Alvin G. Bay, Dir. Support Serv.
Agency St. Louis
Telephone No. 414-892-5000
County St. Louis

	AMULY	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter 2/1	[illegible]			64	[illegible]	77	58	56									
2		Cheese 6/5							81	[illegible] 153									
3		Dry Milk	[illegible]			[illegible]	64	[illegible]	[illegible]	[illegible]									
4		Dry Beans 45#	[illegible]			39	14	[illegible]	[illegible]	92 39									
5		Flour	[illegible]			[illegible]	137	72		[illegible]									
6		Margarine	133			[illegible]	101	[illegible]	[illegible]	[illegible]									
7		Peanut Butter	[illegible]			42	41	[illegible]	[illegible]	[illegible]									
8		Peanuts	121			[illegible]	95	73	62	[illegible]									
9		Peanut Salad Oil	[illegible]			[illegible]	117	113	109	185									
10		Peanut Shortening	[illegible]			172	173	[illegible]	[illegible]	[illegible]									
11		Beef/Pork, Cnd.	[illegible]			[illegible]	80	[illegible]	[illegible]	[illegible]									
12		Beef, Frozen Ground	[illegible]			5	151	[illegible]	208	[illegible]									
13		Chicken, Frozen																	
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	56			15	5	7	107	77									
16		Turkey, Frozen					10	101	68	52									
17		Turkey Rolls, Frozen								72 65									
18		Applesauce, Cnd.	172			[illegible]	123	110	65	17									
19		Apricots, Cnd.				51	42	24	28	10									
20		Cranberry Sauce, Cnd.	17			4	1		70	[illegible]									
21		Orange Juice, Frozen	168			152	123	108	105	17 252									
22		Peaches, Cnd.						239	185	[illegible]									
23		Pears, Cnd.	46			17	170	144	138	[illegible]									
24		Pineapple, Cnd.																	
25		Plums, Cnd.						58	37	[illegible]									
26		Prunes	22			15	12	9	7	7									
27		Raisins	49			44	37	34	32	25									
28		Beans, Cnd. Green	29			3		106	55	8									
29		Corn, Cnd.	1					101	51	31									
30		Peas, Cnd.					123	54	40	12									
31		Potatoes, Frozen Fr. F.	14			2				271									
32		Potatoes, Sweet Cnd.	6			4	4	3	3	71									
33		Tomatoes, Cnd.								10 45									
34		Tomato Paste, Cnd.	25			12	5		63	[illegible]									
35		Fruit Cocktail					77	51	47	25									
36		Rice							30	19									
37																			
38																			
39																			

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DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Revised 1-76

Reviewer ____________

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-109

LEA Normandy — Avg. Daily Participation Type A 4578 — No. Schools Participating 11
Authorized Representative A. Donald Sterling, Dir. Bus. Affairs — A La Carte ____ — Agency St. Louis
Telephone No. 314-383-7404 — Breakfast 250 — County St. Louis

	Amount	Items	[illegible]	July	August	Sept.	Oct.	Nov.	Dec	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter						57	44	45									
2		Cheese				4		92	96	65									
3		Dry Milk				75	71	65	61										
4		[illegible]	7[illegible]			73	76	57	22	152									
5		[illegible]	7			152	146	123	81	24									
6		Margarine	81			22		87	76	[illegible]									
7		Peanut Butter	94			87	74	72	159	146									
8		Peanuts	10½			95	76	65	54	43									
9		[illegible] Salad Oil	97			71	[illegible]	45	41	27									
10		Peanut Shortening	177			147	145	131	114	133									
11		Beef/Pork, Cnd.	156			79	48	17	116	51									
12		Beef, Frozen Ground	26				151	231	151	[illegible]									
13		Chicken, Frozen																	
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	52			42	25	12	93	21									
16		Turkey, Frozen					51	120	12	34									
17		Turkey Rolls, Frozen							80	75									
18		Applesauce, Cnd.	83			30													
19		Apricots, Cnd.				49	29	18	12	8									
20		Cranberry Sauce, Cnd.	55			45	24	18	83	67									
21		Orange Juice, Frozen	177			157	92	43	8	175									
22		Peaches, Cnd.						194	160	127									
23		Pears, Cnd.	29			22	161	88	70	51									
24		Pineapple, Cnd.																	
25		Plums, Cnd.						50	44	32									
26		Prunes	34			25	17	8	6										
27		Raisins	50			43	31	23	20	20									
28		Beans, Cnd. Green	13					98	45	25									
29		Corn, Cnd.	3					96	46	10									
30		Peas, Cnd.					128	84	80	43									
31		Potatoes, Frozen Fr. F.								292									
32		Potatoes, Sweet Cnd.																	
33		Tomatoes, Cnd.								56									
34		Tomato Paste, Cnd.	31			13	7		72	64									
35		Fruit Cocktail					78	31	6										
36		Rice							30	19									
37																			
38																			
39																			

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number [illegible]
Revised [illegible]

Received ____________

197[illegible]-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-098

LEA ____________ Affton #101
Avg. Daily Participation Type A 1950
No. Schools Participating 6
Authorized Representative Dr. A. E. Bekemeyer, Dir. Bus.
A la Carte ______
Agency St. Louis
Telephone No.(s) 314-631-8070
Breakfast ______
County St. Louis

	AMULY ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMULY	Total [illegible]	[illegible] Cost	Total Est. Value
1	Butter	14			12	6	27	19	[illegible]									
2	Cheese							30	62									
3	Dry Milk	62			[illegible]	33	54	31	[illegible]									
4	Dry Beans	[illegible]			3	4	4		[illegible]									
5	Flour				45													
6	Margarine	37			[illegible]	4	34	52	11									
7	Peanut Butter	7			[illegible]	14	13	41	[illegible]									
8	Peanuts	[illegible]			13	11	6	3	45									
9	Peanut Salad Oil	55			[illegible]	[illegible]	[illegible]	[illegible]	15									
10	Peanut Shortening	51			32	[illegible]	3											
11	Beef/Pork, Cnd.	55			[illegible]	32	11	42	[illegible]									
12	Beef, Frozen Ground					[illegible]	54	60	11									
13	Chicken, Frozen																	
14	Frankfurters, Frozen																	
15	Poultry, Cnd.	[illegible]			[illegible]	[illegible]		42	42									
16	Turkey, Frozen					24	43	31	22									
17	Turkey Rolls, Frozen								[illegible]									
18	Applesauce, Cnd.	42			[illegible]	11												
19	Apricots, Cnd.				21	18	13	8	3									
20	Cranberry Sauce, Cnd.						24	27	21									
21	Orange Juice, Frozen	53			[illegible]	[illegible]	16	7	[illegible]									
22	Peaches, Cnd.						95	72	52									
23	Pears, Cnd.	9			4	71	62	54	34									
24	Pineapple, Cnd.																	
25	Plums, Cnd.						25	15	4									
26	Prunes	12			6	5	4											
27	Raisins	1			1													
28	Beans, Cnd. Green						20	2										
29	Corn, Cnd.						25	5										
30	Peas, Cnd.					51	32	14	6									
31	Potatoes, Frozen Fr. F.								[illegible]									
32	Potatoes, Sweet Cnd.								[illegible]									
33	Tomatoes, Cnd.								21									
34	Tomato Paste, Cnd.	1						86	14									
35	Fruit Cocktail					25	16	11	7									
36	Rice							13	12									
37																		
38																		
39																		

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number 40-[illegible]
Revised [illegible]

Reviewed ____________

197_-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-099

LEA Bayless #102
Avg. Daily Participation Type A 924
No. Schools Participating 4
Authorized Representative E. Leon Leirer, Asst. Supt.
Ala Carte ______
Agency St. Louis
Telephone No.(s) 314-631-2244
Breakfast ______
County St. Louis

	AMULY	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMLTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter	13			7	1	11	5	1									
2		Cheese							13	23									
3		Dry Milk	9			8	7	6	6										
4		Dry Beans	3							19									
5		Flour	4			5													
6		Margarine	6			4	3	19	19	13									
7		Peanut Butter	13			10	7	3	7	5									
8		Peanuts	11			2				14									
9		Peanut Salad Oil	6			4	2	3	3	3									
10		Peanut Shortening	37			[illegible]	15	2	3	2									
11		Beef/Pork, Cnd.	7			5		1	22	12									
12		Beef, Frozen Ground					24	[illegible]	17										
13		Chicken, Frozen	6																
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	11			5	5	4	21	10									
16		Turkey, Frozen					1	12	18	2									
17		Turkey Rolls, Frozen								13									
18		Applesauce, Cnd.																	
19		Apricots, Cnd.				4	3	2											
20		Cranberry Sauce, Cnd.	4			2		12	11	16									
21		Orange Juice, Frozen	28			31	18	8	6	32									
22		Peaches, Cnd.						25	18	12									
23		Pears, Cnd.					28	22	5	5									
24		Pineapple, Cnd.																	
25		Plums, Cnd.						5	4	4									
26		Prunes	5			3	2	1	1										
27		Raisins	1																
28		Beans, Cnd. Green						21											
29		Corn, Cnd.	1						1										
30		Peas, Cnd.					21												
31		Potatoes, Frozen Fr. F.	4							45									
32		Potatoes, Sweet Cnd.	7			3	2	2	2	8									
33		Tomatoes, Cnd.								11									
34		Tomato Paste, Cnd.	1						14	12									
35		Fruit Cocktail					14	12	3	2									
36		Rice							3	2									
37																			
38																			

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
School Food Services

Number 40-[illegible]
Revised 6-76

Reviewed ______________

1976–77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-101

LEA Brentwood
Avg. Daily Participation Type A 715
No. Schools Participating 4
Authorized Representative Raymond E. Bentz, Asst. Supt.
A la Carte ______
Agency St. Louis
Telephone No.'s 314-962-7233
Breakfast ______
County St. Louis

	AMUTY	ITEMS	Opening Inventory	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	AMUTY	Total Alloc.	Est. U. Cost	Total Est. Value
1		Butter						9	5	3									
2		Cheese							15 12	4									
3		Dry Milk	18			15	16	16	15	14									
4		Dry Beans	5			3	1			13									
5		Flour	[illegible]			[illegible]	31	25	33	13									
6		Margarine	39			16	11	15 21	19	17									
7		Peanut Butter	15			15	12	11	15	9									
8		Peanuts	14			13	15	16	16	12									
9		Peanut Salad Oil	12			16	[illegible]	[illegible]	[illegible]	[illegible]									
10		Peanut Shortening	37			[illegible]	23	17	15	2									
11		Beef/Pork, Cnd.	1			1	1		17	12									
12		Beef, Frozen Ground	37			11	22	16	24	17									
13		Chicken, Frozen	15			1	1	1											
14		Frankfurters, Frozen																	
15		Poultry, Cnd.	[illegible]			5	2	1	14	15									
16		Turkey, Frozen					13	15	9										
17		Turkey Rolls, Frozen								11									
18		Applesauce, Cnd.																	
19		Apricots, Cnd.				6	2												
20		Cranberry Sauce, Cnd.	5			3	2	1	9	3									
21		Orange Juice, Frozen	32			25	21	16	13	29									
22		Peaches, Cnd.						27	14										
23		Pears, Cnd.						17	12										
24		Pineapple, Cnd.																	
25		Plums, Cnd.						6	5	3									
26		Prunes																	
27		Raisins	[illegible]			4	5	5	5	5									
28		Beans, Cnd. Green						12											
29		Corn, Cnd.								11									
30		Peas, Cnd.					22	13	8										
31		Potatoes, Frozen Fr. F.	5							55									
32		Potatoes, Sweet Cnd.																	
33		Tomatoes, Cnd.								6									
34		Tomato Paste, Cnd.							11	6									
35		Fruit Cocktail					12	7	2										
36		Rice							5	5									
37																			
38																			
39																			

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School Food Services

Revised 6-76

Reviewed ____________

1976-77 GOVERNMENT DONATED FOOD INVENTORY AND UTILIZATION RECORD CARD

Agreement Number 096-088

LEA Hazelwood

Ave. Daily Participation Type A 6350

No. Schools Participating 24

Authorized Representative ~~John Cheek~~, Assoc. Supt. DR J.R. STINSON

Ala Carte ____

Agency St. Louis

Telephone No.(s) 314-921-4430 ✓

Breakfast ____

County St. Louis

	AMULY	ITEMS	Opening Inventory	$	~~[illegible]~~	Sept.	Oct.	Nov.	Dec.	Jan.	$	March	April	May	June	AMUTY	Total Alloc.	Est. Un. Cost	Total Est. Value
1		Butter 66.44	43	256		3		2.80	64	52	3455								
2		Cheese 27.90	21	3854		1	1		134	183 247	6941								
3		Dry Milk 32.73	[illegible]	3305		60	36	23	10	1	32								
4		Dry Beans 7.03	[illegible]	153		17	11	9	139	115	463								
5		Flour 4.05	83	356		311	24[illegible]	174	116	49	198								
6		Margarine 13.10	219	3917	14444	212	164	1163	107	53	684								
7		Peanut Butter 19.72	2	1617		69	5[illegible]	41	121	123	2425								
8		Peanuts 16.34	[illegible]	2255		113	108	86	33	88	1436								
9		Peanut Salad Oil 21.94	12[illegible]	3704		141	135	99	89	61	1337								
10		Peanut Shortening 20.94	[illegible]	7418		[illegible]	262	286	243	231	5992	22,979							
11		Beef/Pork, Cnd. 41.33	460	13185	19655	411	29[illegible]	[illegible]	422	427	16614								
12		Beef, Frozen Ground 39.60	3[illegible]	12634		72	33[illegible]	[illegible]	341	122	6457								
13		Chicken, Frozen 15																	
14		Frankfurters, Frozen										46,047		✓					
15		Poultry, Cnd. 31.15	114	4463		67	39	31	107	160	6264								
16		Turkey, Frozen 18.40					102	132	121	192	1940								
17		Turkey Rolls, Frozen 36.80								185	5790	57,941							
18		Applesauce, Cnd. 6.99	12[illegible]		971.[illegible]	64	16	11											
19		Apricots, Cnd. 10.84				59	47	24	10	7	819								
20		Cranberry Sauce, Cnd. 7.[illegible]	101	763		77	67	128	123	114	561								
21		Orange Juice, Frozen 11.8[illegible]	325	3528	7134	231	3[illegible]	256	23[illegible]	45	5301								
22		Peaches, Cnd. 9.90						224	214	104	990								
23		Pears, Cnd. 9.20	3[illegible]	294		18	231	201	147	91	837								
24		Pineapple, Cnd.																	
25		Plums, Cnd. 7.90						52	74	47	371	67,120							
26		Prunes 9.99	5		933.[illegible]	91	15	71	66	61									
27		Raisins 8.71	77		409.[illegible]	41	32	25	[illegible]	18									
28		Beans, Cnd. Green 7.41	5[illegible]	437		9		144	123	77	510								
29		Corn, Cnd. 7.55		559		2[illegible]	10	146	133	53	415								
30		Peas, Cnd. 6.96					185	135	135	104	724	68,329		✓					
31		Potatoes, Frozen Fr. F. 6.44								213	2337								
32		Potatoes, Sweet Cnd. 9.18	137	1441		[illegible]	123	117	13[illegible]	192	1762								
33		Tomatoes, Cnd. 8.80								53	730								
34		Tomato Paste, Cnd. 12.[illegible]	73	960		40	20	9	103	35	1098								
35		Fruit Cocktail 10.97					108	56	6										
36		Rice 7.21		$	75037					26	197	74,933							
37					2313														
38																			
39				$	77,350														

USDA VALUE OF DONATED FOODS DISTRIBUTED IN MISSOURI DURING THE 1975-76 SCHOOL YEAR

	Unit Size	Value per Pound	'76/77	Value per	'76/77
...16 (Price Support) ← NOTE:					
... >14%	Case, 36/1#	$ .874	.97	$ 31.47	[illegible]
... Prin.	Case, 32/1# .81	.8743	.97	.98	[illegible]
..., Processed	Case, 6/5#	.9128	.93	18	[illegible]
... A P	Baler, 5/10#	.0970	.085	[illegible]	[illegible]
...ne, Print-pattie layer	Case, 30#	.4670	.4141	[illegible]	[illegible]
..., Non-fat Dry	Ctn, 50#	.6707	.6544	[illegible]	[illegible]
..., Dry Roasted	Case, 6/#10	.6734	[illegible]	[illegible]	[illegible]
...s Granules	Case, 6/#10	.6793	.6103	14..	[illegible]
...ut Salad Oil	Case, 6/1 gal.	.4870	.4394	22..	[illegible]
Peanut Oil Shortening	Case, 12/3#	.4989	[illegible]	17.9.	[illegible]
Section 32 (Surplus Removal) ← NOTE:					
Applesauce, Canned	Case, 6/#10	.1725		6.99	
Apricots, Canned	Case, 6/#10	.2694	.27	10.91	10.94
Dry Beans (Pinto)	Bag 25#	.2681	.161	6.70	4.03
Beef, Cnd. W/N Juices >9.92%	Case, 24/29 oz.	.8644	.95	37.60	41.33
Beef, Frozen Ground	Case, 55#	.7452	.72	40.99	[illegible]
Corn, Canned	Case, 6/#10	.2123	.19	8.44	[illegible]
Corn, Canned Vacpac	Case, 6/#10	.2123		5.97	
Cranberry Sauce, Canned	Case, 6.#10	.1993	.171	8.81	[illegible]
Green Beans, Canned >35.7%	Case, 6/#10	.1404	.195	5.34	[illegible]
Peaches, Canned	Case, 6/#10	.2225		8.90	[illegible]
Peanut Butter, Canned	Case, 6/#10	.4601	.4731	18.98	19.81
Pears, Canned	Case, 6/#10	.2385	.23	9.54	[illegible]
Poultry, Canned ~~Boned~~ >17.2%	Case, 24/29 oz.	.8351	.98	36.33	[illegible]
Poultry, Frozen Diced	Case 40#	.8351		33.40	
Prunes, Dried	Case, 25#	.3556		8.89	
Raisins, Dried	Case, 30#	.2904		8.71	
Tomatoes, Canned	Case, 6/#10	.2175	.23	8.32	[illegible]
Tomato Paste, Canned	Case, 6/#10	.3103	.305	12.91	[illegible]
Turkey, Frozen	Case 40#	.5763	[illegible]	23.05	[illegible]
~~Chicken~~ Turkey Rolls	Case 40#	.171	.191	[illegible]	
Section 6 (National School Lunch) Turkey Ham	Case 40 #	.92	.92	[illegible]	
Beef, Frozen Ground	Case 55#	.7394	.72	40.67	[illegible]
Chicken, Frozen	Case 30#	.5208	[illegible]	15.62	[illegible]
French Fried Potatoes, Frozen	Case, 6/5#	.2293	[illegible]	6.88	[illegible]
Orange Juice, Frozen Conc.	Case, 12/32 oz.	.3879	.2495	12.41	11
Peas, Canned	Case, 6/#10	.1965		7.86	[illegible]
Sweet Potatoes, Canned	Case, 6/#10	.2449		9.37	[illegible]

NOTE:

Prices quoted above include the cost of transportation to the distribution point. No handling or transportation charges beyond the distribution point are included. Should it become necessary to file claim against a carrier for a loss, we suggest these prices be used as a guide only, and that the claim be filed in the amount of the Local Replacement Cost.

GOVERNMENT DONATED FOODS - FY 1977

Item	Net Weight Per Case	Value Per Pound
Apricots, Canned	40.5	.27
Green Beans, Canned	38	.158
Dry Beans	25	.161
Beef, Canned	43.5	.95
Beef, Fro[illegible]	55	.72
Butter, [illegible]	68	.9770
Butter, Print	35	.9770
Butter, Print	32	.9770
Cheese, Processed	30	.93
Corn, Canned	39.75	.19
Cranberry Sauce	44.2	.171
Chicken, Frozen	30	.50
Fruit Cocktail	41.4	.265
Flour, All Purpose	50	.085
Flour, Bread	100	.085
Margarine	30	.4367
Milk, Dry	50	.6545
Orange Juice, Froz.	31.9	.3695
Peaches, Canned	40	.2277
Peaches, Canned	43.5	.2277
Peanuts	24	.68
Peanut Granules	21	.6734
Peanut Butter	41.25	.4781
Peanut Oil	45.6	.4809
Peanut Shortening	50	.5028
Peas, Canned	40	.174
Pears, Canned	40	.23
Plums, Canned	41.4	.191
Potatoes, Frozen French Fries	30	.2146
Poultry, Canned	43.5	.90
Rice	50	.1443
Sweet Potatoes, Canned	38.25	.24
Tomatoes, Canned	38.25	.23
Tomato Paste, Canned	41.62	.308
Turkey, Frozen	40	.46
Turkey Rolls, Frozen	40	.92

Mr. Heftel. Thank you very much, gentlemen.

I will ask the following gentlemen to come up to the table: Mr. James E. Kreinest, president, National Association of State Agencies for Food Distribution; Dr. Donald B. Erickson, Department of Agricultural Economics, Kansas State University; Mr. Joseph D. Marshburn, executive vice president and general manager, Citrus World, Inc.; and Stanley O. Feldman, of the National Association of Meat Purveyors.

I asked the four of you to come up for this reason. I would like to verify my conclusions. Dr. Erickson, Mr. Marshburn, and Mr. Feldman are all in favor of a cash system as opposed to a commodity system; is that correct?

Mr. Marshburn. Yes, sir.

Mr. Heftel. Mr. Kreinest, you are satisfied with the program basically in its present form?

Mr. Kreinest. Yes, Mr. Chairman.

Mr. Heftel. I think what we might do, Mr. Kreinest, is have you make your presentation. Unfortunately, I did not get copies of the testimony prior to this morning, except Mr. Gephardt's, so I am not in a position to know the nature of your testimony except that I will read it as you are.

Then, if the three gentlemen who are interested in the cash system for lunch programs could keep in mind the testimnoy that we have heard so far, including Mr. Kreinest's testimony, then you can respond totally within the context of your testimony; or, if you wish, you can respond more directly to what has been heard thus far, and deviate from your testimony in a shortened form, if that meets with your approval, and see if we can develop some dialogue between the three gentlemen who want the cash program and the one defending the present program—obviously, the present program not being a sense of controversy between us—but trying to see what the issues are and to see what merits may lie between the viewpoints.

Mr. Kreinest, if you would like to commence, please.

STATEMENT OF JAMES E. KREINEST, DIRECTOR, FOOD DISTRIBUTION OFFICE, FLORIDA DEPARTMENT OF HEALTH AND REHABILITATIVE SERVICES, ON BEHALF OF THE NATIONAL ASSOCIATION OF STATE AGENCIES FOR FOOD DISTRIBUTION, ACCOMPANIED BY COL. ELLSWORTH REISS (RETIRED), COORDINATOR, FOOD DISTRIBUTION SECTION, DIVISION OF MARKETS, NEW JERSEY DEPARTMENT OF AGRICULTURE

Mr. Kreinest. Thank you, Mr. Chairman, and good morning to the members of the subcommittee.

As the chairman mentioned, my name is Jim Kreinest. I am the Director of the food distribution office for the Florida Department of Health and Rehabilitative Services. I am also the president of the National Association of State Agencies for Food Distribution.

My testimony then, hopefully, will be representing the views of most of the State distributing agencies, such as myself.

I thank you for the special opportunity this morning to speak to you about extending, through fiscal year 1982, certain child nutrition programs under the National School Lunch Act and the Child Nutrition Act of 1966, and amendments of 1975. I feel there have been many accomplishments in the food distribution program.

I will try to briefly run through some of them. I think it basically lowers the cost of food to the schools and amounts to a definite dollar savings to the school lunch program. It permits them to operate with a balanced budget. They can come out in the black.

It provides standard specifications of proven value on high quality food to schools. In this respect, when they do buy food, in many cases, the large school districts in the State of Florida have come to me and said, specifically, they cannot buy the same quality of food if they had the money. They buy 80 percent of their foods anyway. They cannot buy the same quality of food, so, I think, that is a definite plus.

Third: Improved USDA inspection and meat grading and acceptance service on donated foods. These schools are also using this service, which they are paying for, but under the USDA donated program, the meats, and other items, automatically come under USDA inspection.

Fourth: The legislated per meal commodity entitlement provides the opportunity for better planning and budgeting. They know how much money that are going to get and that amount of dollar value is realized in food on the child's plate. It cannot be syphoned off some other place.

It provides the lowest possible student meal prices.

There is less food waste and loss because State inspection and periodic reviews monitor storage and handling on all the foods, as well as lend assistance when necessary. Here, I say that it helps because there are more eyes out there in the field watching that waste and what they are doing with the commodities, watching what they are doing with the purchased food. Without this control, there will be a great deal more waste.

It assists agricultural economy of the Nation by providing outlets for excess food supplies, providing nutritious foods for children and guaranteeing in a most positive way that the children benefit from the funds appropriated. The food does get to the plate.

Aiding in disaster situations such as recently occurred in New York. Placing the responsibility back on USDA where it belongs, under the present administration, was a timely step taken by the administration. Previously, it was turned over to another agency and there was no disaster distribution system.

Additionally, it provides a standard of quality practically unequaled in the commercial industry. This quality helps to maintain a high degree of participation in the program. Many schools actually use the same donated food specifications in their regular purchases. I think the gentleman from the Food Purveyors would probably attest to that.

Mr. Chairman, I also know that there are problems within our program. You have already heard this morning about the insufficient notification and the timeliness of the commodity deliveries. The USDA responded that they are working on those.

The National Association of State Agencies for Food Distribution is also working on these, and I think we do have a great deal of concern about some States who are perhaps not using the commodities in the best possible manner that is available to them.

It is the intension of the national association to somehow formulate a small committee and attempt to be invited into these States to help them solve their internal problems, as far as the distribution system is concerned. I think that is within the capability of our organization.

Some surplus foods are supplied and pushed through channels which are far beyond the needs and capacity of recipients to utilize them properly.

Mr. HEFTEL. May I interrupt you at this point? You acknowledge the fact that surplus food items are just pushed through the system and so, waste will ensue. Does it make any sense to knowingly do that? Doesn't it condemn the commonsense leadership of the program when we have to acknowledge that when we have a surplus we push it through the system and close our eyes, for some reason? I am not sure I understand the reason, because, certainly, there are many places in this country—the Salvation Army, if you want to start with one—that would be delighted to have surplus food that would, in fact, be used, as opposed to a system where we know it is being thrown away, not eaten, not being used.

In the first place, have these discussions occurred in your office, and how do you react to a problem of this obvious type?

Mr. KREINEST. From time to time, there are certain items that I feel personally are pushed through the system and I understand certain reasons, perhaps, why they need to be done this way.

I do believe that there are answers. One reason probably many feel they have to be pushed through the system was brought up earlier, in that we are tied to a dollar—they are entitled to 11¾ cents a plate lunch.

Mr. Chairman, many people feel they cannot use the excesses that are pushed through. If they refuse, they go against the dollar entitlement for that particular program.

I think they need to be able to have more of a say in some of the items that they receive, No. 1. The timeliness, if they are not given to them all at once, certainly the channels will not plug up, as has been brought out earlier in testimony. We are working on that.

Also, the introduction, or to reintroduce some of the channels for distribution, Mr. Chairman—the Salvation Army, and some of these programs—could be looked into and these programs could receive some additional items where there are surpluses.

Correction facilities is one item that has recently been removed—about a year and a half to 2 years ago—from eligibility in the program. Now, that was a great outlet for a lot of these surpluses. It helped to relieve certain blockages. They are no longer eligible. Perhaps that would be considered to be put back in the program.

Mr. GOODLING. Would the gentleman yield for a second?

Mr. HEFTEL. Mr. Goodling.

Mr. GOODLING. That is the beauty of the cash rather than the commodities. When they don't get penalized, they take it and waste it. I hope we can move in that direction.

Mr. KREINEST. If I may respond, cash is easier to administer, but is that best for the program? I contend it is not because the cash will not get to the plate.

We are talking about getting nutrition down to the schoolchildren, down to the plate. Participation in the program that was proven in the State of Florida, that when certain items were removed, such as flour, in the program, the lunchroom did less baking. In fact, it kind of caused us to have other related commodities, such as the milk and shortening, that were used in the baking. These items would be hard to use. If the flour was available, the schools did more baking. In fact, the participation went up. As the flour and the baking was reduced, the participation went down.

I say that the commodities, then, help to maintain a high degree of quality in the plate lunch program, and without it, I think the participation will drop.

Mr. HEFTEL. Mr. Weiss, if I may disturb you in your thoughtful posture.

Mr. WEISS. I have no questions, Mr. Chairman.

Mr. HEFTEL. I think this committee has to address itself to a number of people in branches of Government, including the GAO, that are saying that there is waste. You have a surplus and you pump it through the system, knowing it is going to be wasted.

You have the cost distribution, the cost of disposal, the cost of storage, all in the name of getting rid of something that you know isn't going to be used. That is prety hard to defend, I think.

I am sure that was why Congressman Gephardt was here with his testimony. He was not a part of the school system; he was an attorney. So, this information is easily available as you talk to some administrators of school systems. The GAO report, itself, stated that there was a lack of communication between the State commodity agencies and the school districts. What is your feeling about that system of communication and the fact that it has not been present?

Mr. KREINEST. Mr. Chairman, I agree there is a lack of communication. One of my suggestions for improvement addresses that particular statement. This is one of the reasons that the National Association of State Agencies was formed 2 years ago, to improve the communication.

I agree, we do have some problems within our own shop. It has been proven in the GAO report, and other reports, that this communication is probably something less than terrible.

To try to put it in the right context, No. 1, it started from the top of the administration, years ago—about 2 or 3 years ago—when the top-level administration had it in their minds, I feel, to abolish the total program and go to a cashout. From that point on, it was a constant battle from the bottom up, to try to maintain some system of distribution when you didn't have support from the top. You can't get the job done, quite honestly.

Our efforts, then, are going to be directed toward increasing, or making more efficient, the communication between the commodity directors and the school districts. That came out in the record. It also came out in a recent processing report that the U.S. Department of Agriculture had completed, that where there is a strong commodity director within that State, we have fewer problems. I cite Florida as the only one I am intimately familiar with.

We have 16 major city directors. We have school districts, and the entire State of Florida school lunch program and School Food Service Association wholeheartedly, I feel, support the commodity program. One of the largest school districts in Miami, Dade County, Mrs. Sheen testified before this very committee last year in full support of the commodity program.

Now, I help Mrs. Sheen and she helps me. We talk back and forth. I think that without this type of rapport, you can't get the job done. As Mr. Boling said earlier, it has to be in the administration. It is not the program. It is not the food that is coming down the line, it is how you administer it after you get it.

Mr. HEFTEL. Thank you, Mr. Kreinest.

Mr. GOODLING. Mr. Chairman?

Mr. HEFTEL. Mr. Goodling.

Mr. GOODLING. I realize you are the president of the National Association of State Agencies for Food Distribution and if you represented the AFL-CIO, I would certainly expect you to defend these people whose jobs count on this kind of program.

But, let's get back to the original purpose of the whole thing. The original purpose was we had so much food we didn't know what to do with it. So, we got into a program such as this, and now the problem doesn't exist any longer. We have three commodity surpluses: We have tobacco; we have peanuts; and we have cotton. Those are our surpluses. There is no question in my mind you can distribute tobacco without any trouble in the school districts. You have trouble with the peanuts.

Mr. HEFTEL. Sir, don't you think we have enough problems already?

Mr. GOODLING. You have trouble with the peanuts and the cotton. I just spoke with the Pennsylvania food service people, and 100 percent are for cash rather than commodities—100 percent. I am not talking about the food distribution people. I am talking about the people that have to plan the programs and serve those meals.

There are only certain ways you can serve cranberries and get anybody to eat it. In fact, we haven't found too many ways to do that. There are only certain ways you can prepare peanut butter or peanuts. You can put it on the celery and get it in the candy, and everything else.

I just don't understand how you can say you are going to lose a nutritional meal. What you are saying, I guess, is that the dietitian, or the person responsible for these meals, is not going to insist that the staff bake.

You know, in this day and age, you unload the trucks yourself when they bring these commodities' deliveries because that isn't part of their responsibility. As an administrator for a long time in a building where they unloaded the commodities, I even unloaded the commodities.

They ship apples and pears, and so forth, from California to Cumberland County, Pa. We like to think we are the apple area of the world. How much money did that cost? Think of all the money that was wasted in that transportation that could have been used by the local school directors to buy food that would be food that their youngsters would eat.

I see most of the other testimony and— apparently I am not way out in left field—most of the testimony I have noticed here agrees with the whole idea that at this time in our history, with world markets, without all those surpluses, the direction to go is cash in lieu of commodities.

I don't understand how we can continue to waste food in the manner in which we are wasting it. I know there are a lot of you who opposed the apportion situation, where the youngster doesn't have to take everything that is shoved on his plate, so we can dump it into the trash can. I know there are technicians and dietitians who feel how terrible it is that these youngsters don't eat a proper, balanced diet. If they don't, they dump it in the trash can. I don't see how you can justify continuing when we don't have the surpluses; to say they are going to lose a nutritional meal if we go to cash.

Mr. KREINEST. If I may respond, briefly. We do have some surpluses and we do have some excesses in Florida. We have excesses in beef right now. We have excesses, as you mentioned, in peanut butter and peanuts, which are highly nutritious.

Mr. GOODLING. How many ways can you prepare a peanut?

Mr. KREINEST. I would be more than happy, as I do in the State of Florida, to send you a great deal of recipes.

Mr. GOODLING. We have had all of those.

Mr. KREINEST. Let me give you a for-instance on cranberry sauce. There are a couple of ways of using cranberry sauce. It can be substituted for the sugar in making a chili which is absolutely fantastic. It is nutritional. It cuts down on the use of the sugar and cost in the program. The kids love it.

This takes innovation in the program. It is a challenge to use some of these things. I agree wholeheartedly. But when we are trying to meld together the objectives of price support, surplus removal and child nutrition, you are going to have some problems getting all of those objectives funneled down to an appropriate use without waste.

I will say I have waste at my house on the table with my children at times when they just flat, for no reason, don't want to eat something. You are going to have it in the school lunch programs.

Mr. GOODLING. I have no objection to that, but how much——

Mr. HEFTEL. I was about to say we are going to get called to the floor of the House at 11, which means time is running out on us.

Mr. Kreinest, thank you.

[The statement of Mr. Kreinest follows:]

STATEMENT OF

MR. JAMES E. KREINEST

DIRECTOR, FOOD DISTRIBUTION OFFICE

FLORIDA DEPARTMENT OF HEALTH AND REHABILITATIVE SERVICES

ON BEHALF OF THE

NATIONAL ASSOCIATION OF STATE AGENCIES FOR FOOD DISTRIBUTION

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION

MARCH 9, 1977

SENATE EDUCATION AND LABOR COMMITTEE

Good morning Mr. Chairman and members of the Subcommittee on Elementary, Secondary and Vocational Education. My name is Jim Kreinest. I am the Director of the Food Distribution Office for the Florida Department of Health and Rehabilitative Services.

Thank you for this special opportunity to speak to you about extending through fiscal year 1982, certain Child Nutrition Programs under the National School Lunch Act and the Child Nutrition Act of 1966, and Amendments of 1975.

The National Association of State Agencies for Food Distribution, consisting of active members from 38 of the 48 contiguous states, would like to go on record as fully supporting H.R. 1139 and extending the Secretary's special authority to purchase commodities (without regard to the provisions of existing law governing the expenditure of public funds) for donation, to maintain the annually programmed level of assistance for programs carried on, under this Act, and Title VII of the Older Americans Act of 1965. The National School Lunch Act (Public Law 79-396), enacted in 1946, is the cornerstone of our food delivery legislation. Since 1946, there have been many changes in legislation which have responded to the needs of schools and other feeding programs. In 1973, funds were made available from the Commodity Credit Corporation to purchase those commodities no longer in surplus, in order to insure a continued steady supply of food to the domestic feeding programs. During 1974, the Commodity Distribution Program was extended for two years. Cereal and shortening and oil products were included in the food donations to the School Lunch Program. Additionally, the law provided that not less than 75 percentum of the assistance provided shall be in the form of donated foods.

Some program accomplishments are:

1.) Basic cost of food savings to schools, which permit operation of balanced budget.

2.) Provide standard specifications of proven value on high quality foods to schools.

3.) Improved USDA Inspection and Meat Grading and Acceptance Service on donated foods. This service is also available for purchased foods on a fee basis.

4.) Legislated per meal commodity entitlement provides the opportunity for better planning and budgeting.

5.) Provides the lowest possible student meal prices.

6.) Less food waste and loss because State inspection and periodic program reviews monitor storage and handling on all foods as well as lend assistance when necessary.

7.) Assist agricultural economy of the nation by providing outlets for excess food supplies, providing nutritious foods for children and guaranteeing in a most positive way that the children benefit from the funds appropriated.

8.) Aiding in disaster situations such as recently occurred in New York. Placing the responsibility back on USDA where it belongs, was a timely step taken by the administration.

9.) Provides a standard of quality practically unequaled in the commercial industry. This quality helps to maintain a high degree of participation in the program. Many schools actually use the same donated food specifications in their regular food purchases.

Mr. Chairman, as in all programs, there are inherent problems which must be constantly improved upon. Some identified problems are:

1.) Insufficient advance notification on the type and quantities of foods which will be supplied.

2.) Timeliness of shipments needs to be better coordinated to allow for effective menu and meal planning and purchasing.

3.) Some surplus food items are supplied and pushed through channels which are far beyond the needs and capacity of recipients to utilize properly without waste.

4.) Slow to respond to needed change in specifications, size of containers, shipping routes, destinations and allocations.

5.) Lack of adequate statewide and local storage facilities to handle the large purchases and further distribution.

6.) The normal school rate of use is usually not assessed properly to prevent overcrowding and possible subsequent loss.

7.) Additional institutional programs such as correction facilities which could help to provide outlets for surpluses, have been declared by the administration as ineligible.

8.) All the nutrition projects for the elderly such as Title VII, Title III, and Title XX, although serving the same kind of people, are not now eligible to receive the same foods as Title VII Programs.

9.) Communications and coordination at times are something less than adequate.

10.) Fitting the Department's multi-purpose programs of surplus removal, price support and child nutrition into the objectives of the National School Lunch Program.

To improve the effectiveness of the Commodity Distribution Program we must recognize the importance of being more receptive to the overall operational needs of the school lunch systems and other commodity recipients. Some recommendations which will help us achieve this goal are:

1.) Establishment of a system of delivery to end users within a reasonable time frame which would allow for better planning and utilization of donated foods. For instance, the Department could specify delivery periods instead of the present shipping periods.

2.) Expand the shipping and delivery periods to permit selection by D/A's of the optimum period for receiving donated foods.

3.) Establish open ended commodity allocation and distribution on selected items such as flour and oil for schools to give greater flexibility in the commodity processing program and permit greater savings to schools.

4.) Study and implement ways of further processing certain hard to use commodity foods to provide them in more acceptable form to schools.

5.) Require the Department to organize and establish better central warehousing and storage of donated foods which would be available for disaster mass feeding. These could be rotated with normal school food purchases to keep stock fresh.

6.) Provide continuous and mandatory training of State Food Distribution personnel, in management, communications, warehousing and food distribution.

7.) Provide administrative expense funds to help expand and improve reviews, delivery system, warehousing, storage and related areas in food distribution. This is most important if we are to see a vast improvement in the program.

8.) Establish a small advisory committee consisting of a state food distribution administrator, a local system school food service director and a food service manager to provide imput to the Department on commodity purchases.

The Commodity Distribution Program is working superbly for the farmers as well as the program recipients. It should be and must be permanently continued, not hit or miss from year to year. Instead of fighting for survival annually, we could better utilize our time and energies on program improvements. The National School Lunch Program depends on it - the children need it.

ATTACHMENT

Several food cost comparison surveys have been taken in the past three years which substantially prove that USDA's volume purchasing of donated food for schools and other outlets is saving the taxpayers' money and reducing costs to recipients. According to the Economic Research Service's report #592 for 1973/74, "For school systems of all sizes, prices averaged 7.2 percent higher than for USDA. This report covered a selection of 15 foods, and as could be expected, the greatest cost differences were noted in the purchase of turkey, chicken, ground beef, and frankfurters, with differences in price per pound ranging from 5 cents to 19.2 cents.

We conducted a similar cost difference survey in Florida in 1974-75 to get first-hand information on how we were affected by USDA purchases. The results were amazing. On 19 food items supplied through the donated food program, the differences in price per pound ranged from 1 cent to 22 cents. This would seem to indicate a very definite cost reduction benefit to the schools. USDA commodity purchases mean that most of them can operate in the "black."

JEK/lhw
2/25/77

Quantity of Section 32 & 416 Commodities Distributed to Schools, Institutions and Needy Persons

[illegible]

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D.C. 20250

FD-9-75

FOOD DISTRIBUTION PROGRAM

Quantity of Section 32 & 416 Commodities Distributed to Schools, Institutions and Needy Persons 1/

Fiscal Years 1936 - 1975

Commodity	FY 1936 to FY 1940	FY 1941 to FY 1945	FY 1946 to FY 1950	FY 1951 to FY 1955	FY 1956 to FY 1960	FY 1961 to FY 1965	FY 1966 to FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975
	-------	-------	-------	-------	Thousand Pounds	-------	-------	-------	-------	-------	-------	-------
DAIRY PRODUCTS												
Butter	130,000	19,751	36,539	232,553	519,200	774,575	846,090	173,003	100,655	172,013	123,313	63,990
Butter Oil	--	--	--	--	--	--	--	671	9/	--	--	--
Cheese	3,625	9,901	6,421	165,640	657,620	529,366	537,161	80,790	70,672	20,909	4,335	97,061
Milk, Bev. Mix	--	--	--	--	--	--	2,322	50	--	--	--	--
Milk, Evaporated	77,013	215,766	10,311	--	--	--	144,052	105,700	98,600	82,725	65,200	28,027
Milk, Fluid	80,505	--	--	--	--	--	--	--	--	--	--	--
Milk Formula, Infant	--	--	--	--	--	--	--	--	89	196	213	163
Milk, Instant	--	--	--	--	--	--	10,663	50,063	82,724	62,040	36,665	14,626
Milk, Nonfat Dry	12,000	17,313	24,291	171,691	630,000	910,313	659,000	82,370	50,507	37,060	6,160	63,100
Milk, Whole Dry	--	--	--	--	--	--	--	--	551	1,031	3,317	1,179
POULTRY PRODUCTS												
Chicken, Canned	--	--	--	--	--	3,900	1,727	36,000	10,000	--	--	--
Eggs, Dried	--	2,116	20,236	16,000	26,064	71,900	2,469	--	--	--	--	--
Eggs, Frozen	--	3,070	10	--	--	--	--	--	--	--	--	--
Egg Mix	--	--	--	--	--	--	32,076	19,366	17,876	16,052	13,090	6,637
Eggs, Shell	60,330	120,177	--	10,263	37,211	--	--	--	--	--	--	--
Fowl, Cd. Whole	--	--	--	--	--	--	18,303	9/	--	--	--	--
Fowl, Frozen	--	--	--	--	--	--	7,600	--	--	--	--	--
Poultry, Canned	--	--	--	--	--	--	--	--	20,900	85,900	60,304	22,067
Turkey, Cd.	--	--	--	--	--	--	60,330	27,036	3,237	--	--	--
Turkeys, Frozen	--	--	8,070	56,300	23,229	165,[illegible]	101,016	30,177	63,602	30,136 13/	36,600 12/	40,091 10/
Others	137,263 3/	71	--	--	--	--	--	--	--	--	--	--
Poultry Pts., Boned	--	--	--	--	--	--	--	--	--	302	13	--
MEAT PRODUCTS												
Bacon	748	33,170	--	2,995	--	--	--	--	--	--	--	--
Beef, Frozen	--	--	--	40,592	71,323	--	--	--	--	--	--	--
Beef, Frozen Ground	--	--	--	--	--	--	34,090	2,002	6	--	22,070	161,604
Beef & Gravy, Canned	--	--	--	160,069	--	--	--	--	--	--	--	--
Beef, Cd., W/NJ	--	--	--	--	--	746,500	100,037	267	17	--	--	22,500
Beef, Ground & Roasts Fro.	--	--	--	--	--	177,027	73,910	--	--	--	--	--
Ham, Canned	--	--	--	--	24,063	--	--	--	--	--	--	--
Ham, Frozen	--	--	--	--	2,700	--	--	--	--	--	--	--
Ham, Smoked	--	--	--	16,023	--	--	--	--	--	--	--	--
Lamb, Frozen	--	--	--	--	--	17,202	--	--	--	--	--	--
Meat, Chopped, Cd.	8	1,007	833	--	--	620,130	329,400	76,300	61,942	--	--	--
Meat, Lunch, Cd.	--	--	--	--	--	--	--	--	70,460	53,366	23,012	12,326
Pork, Frozen Ground	--	--	--	--	--	--	--	75,030	79,550	4,050	6	3
Pork & Gravy, Cd.	--	--	--	--	88,159	60,754	--	--	--	--	--	--
Pork Loins, Frozen	--	--	--	--	701	--	--	--	--	--	--	--
Pork Luncheon Meat	--	--	--	--	66,013	--	--	--	--	--	--	--
Pork, Cd., W/NJ	--	--	--	--	--	11,127	20,560	13,062	40,693	9,210	135	14,601
Pork Shoulder, Frozen	--	--	--	--	3,900	--	--	--	--	--	--	--
Pork Shoulder-Picnics	--	--	--	6,265	--	--	--	--	--	--	--	--
Pork, Smoked	883	32,417	279	--	--	--	--	--	--	--	--	--
Salt Pork	4,725	54,816	2	--	--	--	--	--	--	--	--	--
Others	129,329 3/	2,723	319	--	--	--	--	--	--	--	--	--
FATS & OILS												
Cottonseed Oil	--	--	--	31,000	14,103	--	--	--	--	--	--	--
Lard 4/	27,171	133,256	--	--	92,267	440,573	355,606	--	--	--	--	--
Margarine	--	--	--	--	--	22,050	93,564	--	--	--	11,536	3,901
Olive Oil	--	--	--	1,000	232	10	--	--	--	--	--	--
Peanut Butter	--	9,062	--	--	17,001	196,068	300,379	69,679	50,771	40,918	64,769	29,036 11/
Salad Oil	--	--	--	--	--	--	13,201	22,146	25,530	29,064	25,365	5,003
Shortening/Lard	300	1,076	1,123	79,312	32,903	52,000	40,016	100	20	1,070	6,400	2,995
Shortening, Veg.	--	--	--	--	--	--	32,900	83,950	85,637	80,126	62,503	9,160
Other	--	--	--	--	--	--	--	--	--	--	400	--
FRESH FRUITS												
Apples	619,330	756,530	195,303	209,014	--	15,896	56,133	16,901	19,400	34	--	--
Cherries, Frozen	--	--	--	--	--	--	1,510	--	--	--	--	--
Cranberries	--	--	--	--	--	26,015	--	3,066	4,728	32	--	--
Grapefruit	148,671	172,500	--	--	--	--	--	--	--	--	--	--
Oranges	307,693	190,156	--	--	--	--	--	--	--	--	--	--
Peaches	85,200	79,330	--	--	--	3,567	17,025	--	--	--	--	--
Pears	25,172	61,070	63,101	56,962	--	28,560	63,656	22	35,816	--	--	--
Plums	3,209	--	--	--	2,606	7,529	3,963	--	--	--	--	--
Prunes	1,924	6,504	1,701	--	6,216	--	--	--	--	--	--	--
Others	879,313 3/	18,198	--	--	--	2,730	--	--	--	--	--	--
DRIED FRUIT												
Apples	5,202	76	7,316	9/	--	--	--	--	--	--	--	--
Apricots	311	--	2,019	9/	--	--	--	--	--	--	--	--
Date Pitted	--	--	--	--	--	6,225	15	--	--	--	--	--
Figs	--	--	13,320	2	--	--	--	--	--	--	--	--
Peaches	11,750	16,407	16,275	--	--	--	--	--	--	--	--	--
Prunes	117,035	125,953	23,706	12	--	--	21,206	17,107	26,100	9,050	3,063	1,332
Raisins	97,313	90,772	23,776	530	--	--	103,591	17,670	8,002	175	8	2
Others	--	--	2,408	--	--	--	--	--	--	--	--	--

1/77

POSITION STATEMENT

NATIONAL ASSOCIATION OF STATE AGENCIES FOR FOOD DISTRIBUTION

This organization as a collective body and its individual members agree:

1. To assume and maintain an active leadership role in establishing and promoting the most effective and efficient ways and means of acquiring and equitably distributing federally donated foods to all eligible entities;
2. To cooperate with other agencies and associations in developing, promoting and maintaining standard business practices throughout the nation in warehousing, distributing, accounting and transferring of federally donated foods available for such use; and
3. To assemble, analyze and disseminate information on the effective use of all federally donated foods by eligible entities.

This association wholeheartedly endorses and supports the U. S. Department of Agriculture Donated Food Distribution Program:

1. To provide foods with recognized nutritional value to eligible recipients in schools operating nonprofit food service programs in nonprofit food service programs in nonprofit child care food programs, in public and private charitable institutions, in feeding programs for the elderly and other related programs;
2. To provide a framework for the immediate support of disaster mass feeding operations;
3. To secure a fair market price and outlets for agricultural commodities that will assist in expanding and improving the market conditions for agricultural products.

Two Senate Committees that have played pivotal roles over the years in the creation and expansion of food assistance programs and programs affecting the elderly - the Senate Nutrition Committee and the Senate Special Committee on Aging, should be maintained in the Senate Committee system. These two committees have performed much of the research and oversight of nutrition and elderly programs undertaken on Capitol Hill. Abolition of these committees would have major consequences for the treatment of food assistance and elderly issues. Nearly every major piece of Senate Legislation that established or expanded food assistance programs in recent years has emanated wholly or in part from the Nutrition Committee. Most Senate Legislation benefiting the elderly has either originated or been given major support by the Aging Committee.

The NASAFD takes a very strong stand against the proposed option by the Kansas School Food Service Association to allow all states to choose between USDA donated commodities and cash in lieu of commodities. USDA has just recently reinstated the policy to assist relief agencies during disasters with donated commodities for mass feeding. Forty-nine states have a system for distributing food to areas of need. What system does Kansas have and since there are no donated foods available in this State, are the surrounding states going to come to her assistance? What will Kansas do to help her neighbors, break out the cash and buy food for relief to these states?

Since Kansas supplies a great deal of the wheat, beef and other products purchased by USDA for schools and other outlets, what happens to the States' economy when USDA stops all large purchases of commodities, and excess grains and beef start backing up in the local warehouses? The Association submits that the Kansas proposal to allow cash in lieu of commodities would cause the total collapse of the Kansas farmers' economic system.

The commodity Distribution Program is working for the farmers as well as the program recipients. It should be permanently continued - not hit or miss from year to year. Instead of fighting for survival annually, we could better use our time and energies on program improvements. The National School Lunch

Program depends on it; the children need it.

Grains, especially flour, and oils have traditionally been the mainstay of the school lunch and institutional programs. Some of the greatest advances and increases in benefits to schools in the Commodity Distribution Program have come about because of emphasis on processing both by USDA and recipients, toward finding more efficient ways of using excesses of grains and oils.

Are we to take a step backwards now and abandon the feeling of cooperation; abandon the rapport, abandon the Food Distribution Program for all practical purposes because it is working so well? The schools and industry, working together, have overcome many obstacles. To continue this cooperation we will need a more flexible allocation system. States that cannot use a particular food item should not be forced to accept it on the threat that the value will still be charged against the state's dollar entitlement.

Recipients of the donated food program should be permitted to suggest preferences in types of food, quality and quantities on all USDA purchases, not just Section 6. This approach is being attempted, I understand, for the first time in the New ordering procedures for nonfat dry milk, salad oil, shortening, rice and butter which may be ordered in any combination or amount up to a limited dollar value entitlement.

There are going to be ups and downs in the supply chain from time to time--this, we all realize. But, when we do have food surpluses there must be a system of removal and distribution nationwide to handle them. This system which is effectively working now - USDA and the State D/A's cooperating - is the most efficient and least costly to the taxpayers as a whole, while at the same time reducing cost to the School Lunch Program. Abandoning this working system could severely hurt the School Lunch Program, the States and the taxpayers.

"$84.00 WORTH OF FOOD FOR ONE DOLLAR"

Where in the world can you get that kind of a food bargain today? The answer, of course, is in the School Lunch Program and other eligible institutions approved under the National School Lunch Program and receiving USDA donated foods equivalent to approximately 12¢ per plate lunch in wholesale value.

The State of Florida, through the Department of HRS, Food Distribution Office, accepted and redistributed to eligible outlets, over 35 million pounds of various nurishing foods last year. These foods were purchased by USDA Agricultural Stabilization and Conservation Service for Florida at an average cost of 50 cents per pound. The approximately 35 million plus pounds of food consisted of: frozen ground beef, cut-up chicken, whole turkeys frozen, flour, rice, margarine, oil, shortening, canned peaches, pears, apricots, and such vegetables as: canned and frozen corn, peas, beans, tomatoes, tomato paste, and others. The total wholesale dollar value was over 18 million dollars.

Now, for the best part - the punch line, the administrative cost to the State of Florida, Department of HRS, Food Distribution Office, was about $215,000. This represents a return on investment of $84.00 for $1.00. Wouldn't you agree that this tremendous resource, which benefits the schools in Florida so much, must be protected?

Every child attending public schools and some non-profit private schools benefits if he eats a meal prepared in the school lunch room. Are you supporting your local school lunch program?

Mr. **Heftel**. Certainly, all of us would like to hear from the other three members of the panel. Dr. Erickson, would you like to give us an abbreviated version of your testimony that would be applicable to what we have heard so far?

STATEMENT OF DONALD B. ERICKSON, DEPARTMENT OF AGRICULTURAL ECONOMICS, KANSAS STATE UNIVERSITY

Mr. **Erickson**. It is a pleasure for me to be here, Mr. Chairman.

I would like to set the record straight. As a faculty member of Kansas State University and the Department of Agricultural Economics, I do not and have not taken a position as to whether cash or commodities are preferable. I was asked to do, and received a grant to do, a cost analysis study of the school lunch systems since Kansas has a cash in lieu of commodities program.

I selected Kansas, since it was my home State, and I looked around and selected Oklahoma, which has a commodities program. Both directors are very much in favor of their respective programs, and I will go on record as saying so.

Both were most cooperative with me. Both have approximately the same population and the same number of schools in the commodity program.

In the case of Oklahoma, the lunch requirements are directed by the national school lunch program. Both States adhere to them. Both State directors felt that the school systems were doing an adequate job as far as providing a total, balanced type of lunch.

There are many commodities, or goods, used in the cash in lieu of commodities programs in Kansas, for example, that the children won't eat, either. They don't like brussel sprouts, for example.

I am doing a survey in the schools on items that children like in both States. These will be available later. What I attempted to do is to find the identifiable cases—they report to the State directors—of the cost of food, labor, the cost identified with the breakfast programs, identify the daycare programs, special occasions, and obtain the actual cost incurred by the individual school districts.

Briefly summarizing, in Kansas, there was a daily average attendance of about 400,000 students. In Oklahoma, it was a little over 500,000. The average daily participation rate in Oklahoma, for example, in fiscal year 1976 was 63 percent. In Kansas, it was 66.9 percent. The total school lunch expenditure amounted to about $37 million, in Kansas, or 76.1 cents cost per lunch.

In Kansas, cash in lieu of commodities was the 11 cents which was allocated in fiscal year 1976, making a total expenditure of food, labor, indirect costs and direct costs, of 87.1 cents.

In Oklahoma, the school lunch expenditure was $51 million or 76.3, a difference of two-tenths of a cent. The value of commodities in Oklahoma was 9.47 cents for a school lunch. They received a little over $900,000 cash in lieu of commodities, or 1½ cents, bringing the total cost of the school lunch up to 87.3 cents—it was almost identical.

The value of the commodities was given by the Oklahoma Department of Institutions, Social and Rehabilitative Services. The value is based upon the prices that they received and the value of the commodities delivered to warehouses in McAlester and Oklahoma City.

Looking at the State administrative cost, the State of Kansas had an administrative cost of $103,000 or approximately a quarter of a cent, .23 cents, per school lunch.

Oklahoma had .49 cents per school lunch. In addition, the administration and distribution costs of commodities to the State office was $671,073 or 1.13 cents. That was the cost of operating the Oklahoma City warehouse and the McAlester warehouse.

The administration of these were allocated back to the school district system because they also handle the other commodity programs in the State of Kansas. The USDA operating expenses reported for Kansas was $113,000, and $132,000 in Oklahoma, or .22 cents. The total administrative costs of State and USDA for Kansas was .59 cents for lunch and 2.02 cents for Oklahoma.

If we want to expand this out, if we were to make a projections, using the State and Federal administration costs, there would be a difference of $60 million if all the States went to cash and if the administrative costs in Kansas are representative.

I think, briefly, in lieu of time here, I will summarize. By size, as far as the total cost of providing the school lunch in the two States, they are very similar. Most of the cost differences, then, would be in providing for the commodities to the States in lieu, I would say, of the local schools in Kansas purchasing them directly from retailers and wholesalers.

[The full statement of Mr. Erickson follows:]

Cost Analysis of Providing Type "A" School Lunches

by

Donald B. Erickson
Research Agricultural Economist
Department of Agricultural Economics
Kansas State University
Manhattan, Kansas

March 1977

PREFACE

This study was funded in part by a grant from the National Frozen Food Association, Mr. Richard Funk, Executive Vice-President. The willing cooperation from the following persons is most appreciated: Rita A. Hamman, Director School Food Service, Kansas Department of Education; Dr. Percy Sillin, Assistant Commissioner Agency Services, Kansas Department of Education; Fred Jones, Director, School Lunch Program, Oklahoma State Department of Education, Mr. Leo Thurman, Deputy Director, Vickie Straughan, Administrative Assistant and Dorothy Boen, Consultant; Mr. John Hooper, Director, Food and Nutrition Services Unit, Oklahoma Department of Institutions, Social and Rehabilitative Services. The assistance of these people and their staff facilitated the collection of data used in this study. Henry Hays, Research Assistant, Department of Agricultural Economics, Kansas State University, contributed in the collection of and summarization of data. However, the author assumes full responsibility for the contents and analysis of the study.

Cost Analysis of Providing Type A School Lunches

by

Donald B. Erickson[*]

The basic objective of this study was to identify all expenditures for the production of type A school lunches in Kansas and Oklahoma. These two states were chosen because Kansas has been using the option of cash-in-lieu of commodities and Oklahoma uses the federally donated commodities for the 11 cent portion of type A lunches.

Kansas elected to phase out of the donated commodity program prior to July 1, 1974 and receive cash-in-lieu of donated foods. Thus each school district received in fiscal year 1976 a cash-in-lieu of donated foods of 11 cents per type A lunch served.

In order to compare the Kansas cash-in-lieu of donated commodities, hereafter referred to as the "cash program", Oklahoma was selected. Oklahoma used the donated commodities and has similar population distribution characteristics. In 1970 population of Kansas was 2,251,000 and Oklahoma was 2,512,000. Both states had two relatively large metropolitan areas in each state with the remainder of the state relatively rural.

Kansas has undergone a school reorganization and has presently 305 public school districts of which there are 1,627 public centers and 86 private centers. The total number of school districts that serve school lunches was 287 in fiscal year 1976. Each school district that had a school lunch program was required to submit monthly statements with expenditure information and number of type A lunches served in order to qualify for the 11 cents per meal cash-in-lieu of donated commodities.

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[*] Research Agricultural Economist, Department of Agricultural Economics, Kansas State University, Manhattan, Kansas.

Oklahoma had 630 school contracts (districts) and 1,862 public school centers and 38 private centers in fiscal year 1976. The Oklahoma schools received USDA donated commodities to supplement the ongoing school lunch program up to approximately 11 cents per type A lunch served. Each school had to submit monthly reports to the State Department of Education.

The State Department of Education administers the program for public schools and private schools where permitted. This agency submits a state plan of child nutrition operations for each fiscal year for food nutrition service approval, establishes a system of accounting under which school food authorities will report program information, maintains current records of school's operations, accounts for program funds, determines whether the matching requirements of the Act are being met, provides supervisory assistance to local schools, provides the schools with lengthy information on foods determined by the Department of Agriculture to be in plentiful supply and investigates complaints. It was from the state recordkeeping system that information was obtained for the fiscal year 1976 for the detailed analysis included in this study.

Lunch Requirements

The National School Lunch Program (NSLP) provides for a minimum requirement for type A lunches. All schools are subject to audit to determine adherance to these minimum requirements subject to loss of federal support for the lunch program. The requirements for lunches is defined in section 210.10 under Part 210 issued under sections 2-12, 60 Stat. 230, as amended; section 10, 80 Stat. 889, as amended; 42 U.S.C. 1751-1760, 1779.[1] Basically the type A lunch provides for approximately one-third of the amounts of food to serve 10 to 12 year old boys and girls. Younger children may be served less and older children may be served more. Each school is subject to audit in order to insure compliance with these standards. Both states thought the schools were doing a good job maintaining these standards.

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[1] Report to Congress, Progress and Problems in Achieving Objectives of School Lunch Program, Food and Nutrition Service Department of Agriculture. Compiled by the Comptroller General of the United States, B-178564, June 29, 1972.

Procedure

The information for each school district in Kansas was obtained from monthly statements sent to the State Department of Education. Each attendance center included total number of type A children's lunches served with milk, number of days served each month and number of adult lunches with milk and without milk. These were the data used for computing the total number of type A meals. The total cost of food was determined by taking the total value of all food delivered including milk, adding the value of opening food inventory at the beginning of the year and all donated food non-USDA. The total closing food inventory at the end of the year, plus the cost of food used for all breakfast servings, plus the cost of food for daycare and special occasions, plus the cost of food used in the snack bar, plus the special lunch milk, milk costs and cash for commodities was obtained. This total was subtracted from the total food cost to obtain just the total food cost used for type A lunches served. To determine the total food cost for type A lunches, the food costs were added to the cash received for commodities[2] plus total milk cost served with meals. The special milk program was not included as part of the type A lunch cost.

Labor costs for type A lunches included all cooks salaries, value of lunches served to cooks, donated labor, employer's fringe benefits, social security, and other benefits. The total labor costs for breakfast cooks salaries, daycare or special occasions labor and snack bar labor was accounted for separately and was not included in the total labor for type A lunches.

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[2] The cash-in-lieu of commodities was subtracted in the normal accounting process on the monthly reports. The monthly reports estimate the actual expenditure of type A meals to the school system.

Indirect costs prorated to type A included custodial, clerical, supervisory service, security, satilite transportation, general program transportation, telephone, utilities, miscellaneous and equipment depreciation. The sum of these prorated costs equaled the indirect costs to type A lunches. Equipment depreciation was based on a 12 year depreciation schedule allocated on a monthly basis.

Type A nonfood costs included the opening nonfood inventory plus nonfood purchases such as soap supplies, paper goods, etc. minus closing nonfood inventory minus nonfood used for other programs. This residual figure yielded the total nonfood cost for type A meals served.

Similar public school data were available in Oklahoma as in Kansas. Each school district was summarized for the fiscal year 1976 and these data were used to obtain the cost of type A school lunches. The total cost of food used (other than commodities), labor costs for type A lunches only, indirect costs such as equipment, utilities, clerical, custodial, transportation costs, and other nonfood costs was summarized for each school district. In addition, the value of commodities used in meal preparation, cash received in lieu of commodities and the cost to the state associated with the distribution of these commodities to the schools was obtained from state records.

Commodities received in Oklahoma from the Food and Nutrition Services Unit were allocated to the schools based upon the schools student participation in the school lunch program. Exceptions to this distribution were made based on knowledge of each individual school situation. A periodic inventory report must be submitted and if the allocated commodities were too great for the storage facilities or there was ample supply on hand, then the school did not recieve the donated food allocation at that time.

Expenditures for School Lunch Programs

The total participation for type A lunches that was reported to the State Department of Education for each state is presented in Table 1. The average daily attendence for each school was available and was used for comparisons. In Kansas the average daily attendence was 423,448 students and 556,856 in Oklahoma. Private schools were not included in these figures. The average daily participation (ADP) in the school program was 283,252 in Kansas and 351,061 in Oklahoma. This was 66.9 percent and 63.0 percent respectively.

In Oklahoma 4,053,656 ala carte meals were recorded. There was no specific record of what was served in ala carte meals which were purchased on a selection serving basis. These meals amounted to about 5 percent of the total meals. An attempt was made to identify the schools that served ala carte meals. Fourteen schools accounted for about 90% of the meals. Excluding these schools from an estimation of food costs did not change the average meal costs. In conclusion, the ala carte meals were included in the total cost figures as they did not alter the results any.

The reported expenditures for the lunches served was obtained from the reports from each school district. In Kansas the total expenditures for school lunch was $36,691,452 which was 76.10 cents per meal (Table 2). This took into account lunches served to adults and children were the same type A lunches. Cash-in-lieu of commodities was based on the number of student type A lunches. In Oklahoma the total expenditure for the meals was $51,833,247 which was 76.30 cents per meal. In addition, an estimated retail value of donated food commodities, which was not reported in the figure above, issued to Oklahoma schools was $5,644,741 or 9.47 cents per meal plus cash-in-lieu of commodities of 1.53 cents or $915,124. The average cost of type A lunch amounted to 87.30 cents.

In the past, the average cost of transportation for the Federal government, nationwide, has been approximately two and one-half cents per pound of

Table 1. Total enrollment, average daily participation and number of meals served in fiscal year 1976

	Kansas	Oklahoma
Average daily Attendence[1/]	423,448	556,856
Average daily participation[1/] in school lunch	283,252	351,061
Percent participation	66.9%	63.0%
Total number of meals type A lunch to students	45,244,437	59,635,138
Total ala carte		4,053,656
Total adults	2,97,936	4,245,085
Total number of meals	48,215,373	67,933,879

[1/] ADP figures were obtained from the monthly report for just the public schools.

Table 2. Expenditures for meals, value of commodities and state cost of commodity distribution for fiscal year 1976.

Expenditure	KANSAS Total ($)	KANSAS Cost per Lunch (¢)	OKLAHOMA Total ($)	OKLAHOMA Cost per Lunch (¢)
Total school lunch expenditures[1/]	36,691,452	76.10	51,833,247	76.30
Value of Commodities			5,644,741[2/]	9.47[3/]
Cash-in-lieu of commodities[4/]	4,976,888	11.00	915,124	1.53
Total expenditure	41,668,340	87.10	58,393,112	87.30

[1/] Milk served with the meal is included but the special milk program was excluded as well as the value of commodities and cash-in-lieu of commodities.

[2/] An estimated average value of donated food commodities issued to schools in Oklahoma in fiscal year 1976. Annual Report, Oklahoma Department of Institutions, Social and Rehabilitative Services, 1976, P.O. Box 25352, Oklahoma City, Oklahoma 73125, DISRS Pub. No. 76-46, p. A-19.

[3/] Total value divided by the number of type A student meals served. Commodities were allocated on the basis of type A meals served.

[4/] Cash-in-lieu of commodities were based on the number of students served type A school lunches.

commodity allocated. This was evenly distributed so that the schools all receive a similar value and quantity of donated commodities based on number of students utilizing the type A program. All foods available for donation were shipped at Federal expense in carload lots to designated central unloading points within states. In Oklahoma there were two locations, McAlester and Oklahoma City. Title to the donated foods passed to each state distributing agency at the time and place of delivery.

Administration Expenses

In Kansas the State Department of Education is responsible for the administration of the NSLP. During fiscal year 1976 the allocation of administrative expenses to type A lunches was $103,132 or 0.23 cents per type A lunch served (Table 3).

In Oklahoma, administration of the NSLP by the State Department of Education was $293,031 or 0.49 cents per type A lunch. In addition, the administration and distribution costs of $671,073, or 1.13 cents per type A lunch, was incurred by the Food and Nutrition Services Unit of the Oklahoma Department of Institutions, Social and Rehabilitative Services. These costs included salaries, rental space, utilities, trucks, equipment, gas and oil, tractor and trailer depreciation, cold storage rental and other indirect costs. The total cost of $688,280 was adjusted to type A lunches only (Table 3).

In addition there was an expense by the USDA for operating expenses, administrative expenses and purchase of commodities. Each of these items, where applicable, was allocated to each state on the proportion of total type A lunches each state contributed to the total number of type A lunches. Thus Kansas had an operating expense allocation of $113,000 while Oklahoma's operating expense was $132,000. Administrative costs were $49,605 and $58,144 respectively. The total administrative costs of FNS to reimburse the USDA Agricultural

Table 3. State and federal administration costs of programs allocated to Kansas and Oklahoma for fiscal year 1976 on the basis of type A lunches.

	KANSAS		OKLAHOMA	
Expenditure	Total ($)	Cost per Lunch ($)	Total ($)	Cost per Lunch ($)
State Dept. of Education Administration[1/]	103,132	.0023	293,031	.0049
Commodity distribution costs for state offices[2/]			671,073	.0113
U.S.D.A. Op. Expenses[3/]	113,000	.0025	132,000	.0022
U.S.D.A. Administrative costs[3/]	49,605	.0011	58,144	.0010
Purchase of commodities[4/]			45,560	.0008
Total	265,737	.0059	1,199,808	.0202

[1/] State office of Education administration funds from state revenues used only for state-level supervision. Annual Statement of Income and Expenditures, NSLP, FNS, USDA form FNS-13. Sept. 20, 1976.

[2/] State administration and storage costs for commodities, Administration for the Oklahoma Department of Institutions, Social and Rehabilitation Services, receive and distribute all commodities including schools. Administration--$123,924, Oklahoma City warehouse--$298,280, and McAlester warehouse--$266,076. These figures include labor, building depreciation, truck depreciation and operating expenses of which 97.5% was school costs.

[3/] William G. Boling correspondence, February 10, 1977.

[4/] Administrative costs of FNS to reimburse the USDA's Agricultural Marketing Service and Agricultural Stabilization and Conservation Service for the commodities they acquire for all the food assistance programs was $3,186,000 in fiscal year 1976. This was allocated to Oklahoma on the basis of 1.43 % which was the porportion of total type A lunches served in Oklahoma.

Marketing Service and Agricultural Stabilization and Conservation Service for the commodities that were acquired for the donated food program pertained to Oklahoma only. That figure was estimated to be $45,560 during fiscal year 1976.

The total additional cost of state and federal administration amounted to 0.59 cents per type A lunch in Kansas and 2.02 cents in Oklahoma. Projected to the total 4,207,000,000 school lunches in the U.S., the total USDA administration costs would be $84,981,400 for commodities while cash program would be projected to $24,821,300 or approximately 60 million dollars less. This is assuming the administration costs allocated to Kansas for the cash program are representative.

Economic Impact

Kansas had an expenditure of $36,691,452 for type A school lunches. Part of this total was cash-in-lieu of donated commodities or $5,608,381 or 13.5 percent of the total expenditures. In general the household income generated by the school lunch program was $1.76 for each one dollar expenditure. In Kansas the total type A expenditure would generate a household income of $64,576,956 [3] Nationwide the effect would be greater as the imports to the sector would be minimal. In Kansas most of the processed foods are imported.

The $4,976,888 cash payment instead of donated commodities generated an additional household income of approximately $8,759,323 in Kansas. In addition if any of the food items were manufactured in Kansas, there would be an additional income effect.

Oklahoma had an expenditure of $51,833,247 for meals and received $5,644,741 worth of commodities or about 11.1% that were generally shipped from out of state sources. This would have generated a $9,934,744 additional income source for Oklahoma. However, the function of handling, storage, transportation and selling was performed out of the state and cannot be included in the income generating stream. The $915,124 cash received in lieu of donated commodities did generate $1,610,618 additional household income.

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[3] The multipliers have been reproduced for information and discussion but have not been cleared for publication and therefore cannot be cited.

Average Participation Rates

The average percent of school lunch participation has generally increased in Kansas from 61.2 percent in fiscal year 1968 to 66.9 percent in fiscal year 1976. In Oklahoma the average participation was 64.2 percent in 1968 and increased 68.9 percent in fiscal year 1970 then decreased to a low of 59.8 percent in fiscal year 1972 and has gradually increased to 63.0 percent in 1976 (Table 4 and Figure 1).

Summary

The school lunch program was designed to provide a national program that includes general cash for food assistance for all lunches and special cash assistance for free and reduced price lunches for needy children, a breakfast program, special milk program and special food service program for children in nonprofit service insitutions, such as care centers, settlement houses and recreation centers.

Each state was allocated 11 cents per meal which was based on the number of type A lunches served to students. All states except Kansas received the greater share of the 11 cents in the form of donated commodities purchased by the United States Department of Agriculture. Kansas, prior to July 1, 1974 elected to receive cash instead of donated commodities which was used in Oklahoma, a similar state in most other aspects. The different costs of providing school lunches between Kansas and Oklahoma was approximately the same. In Kansas the average cost in fiscal year 1976 of school lunches in Kansas was 87.10 cents with an average pariticpation of 66.9 percent. In Oklahoma the

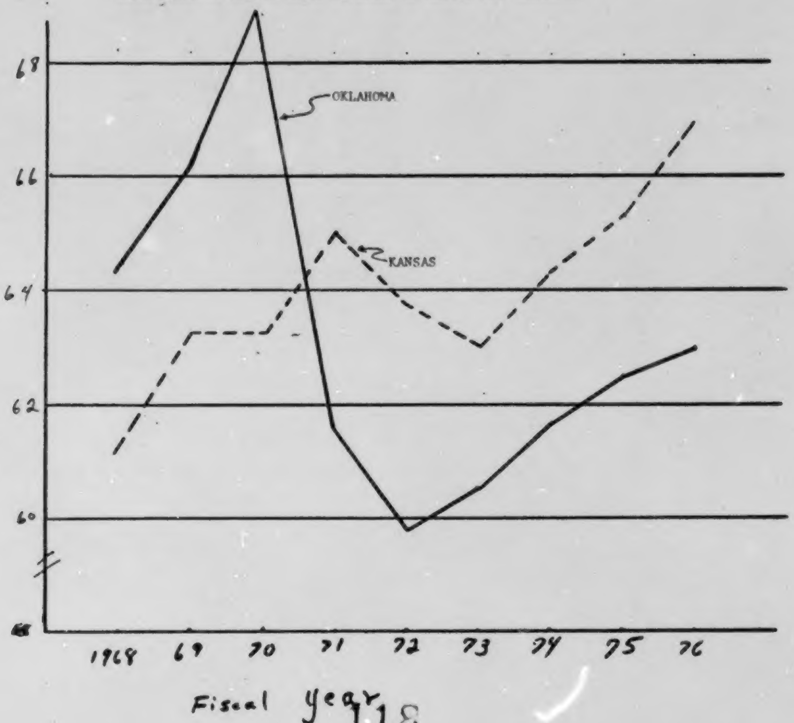
Table 4. The number of average daily attendence and average daily participation in school lunch programs for fiscal years 1968 - 1976 for Kansas and Oklahoma.

	Kansas			Oklahoma*		
Fiscal year	ADA	ADP	Percent	ADA	ADP	Percent
1968	387,684	237,116	61.2	387,018	248,452	64.2
1969	391,850	247,895	63.3	346,529	228,887	66,1
1970	402,945	255,202	63.3	472,966	325,824	68.9
1971	404,636	263,383	65.1	566,263	349,570	61.7
1972	447,320	285,229	63.8	568,430	340,087	59.8
1973	456,486	287,019	62.9	563,763	340,506	60.4
1974	456,505	293,151	64.2	555,235	342,579	61.7
1975	441,146**	287,976	65.3	554,263	346,430	62.5
1976	423,448	283,252	66.9	556.856	351,061	63.0

* The Oklahoma figures were based only on the month of October.

** The cash in lieu of donated commodities was started July 1, 1974.

Figure 1 PERCENT OF AVERAGE DAILY PARTICIPATION TO AVERAGE DAILY ATTENDENCE IN SCHOOL LUNCH PROGRAMS IN KANSAS AND OKLAHOMA



average cost in fiscal year 1976 of school lunches was 87.30 cents with an average participation rate of 63.0 percent (Table 5). The participation rate has been increasing the last several years.

Table 5. Comparison of type A lunch costs
between Kansas and Oklahoma.

	KANSAS	OKLAHOMA	
Expenditures for meals	~~.8642~~ 8710	.8728	.8730
State costs	.0023	.0162	
USDA	.0036	.0040	
TOTAL	~~.8701~~ 8769	.8930	.8932

Additional expenses by the states and USDA amounted to 0.59 cents per lunch in Kansas and 2.02 cents per lunch in Oklahoma. This amounted to a total of ~~87.01~~ 87.69 cents per type A lunch in Kansas and 89.30 cents per lunch in Oklahoma or a difference of ~~2.29~~ 1.63 cents.

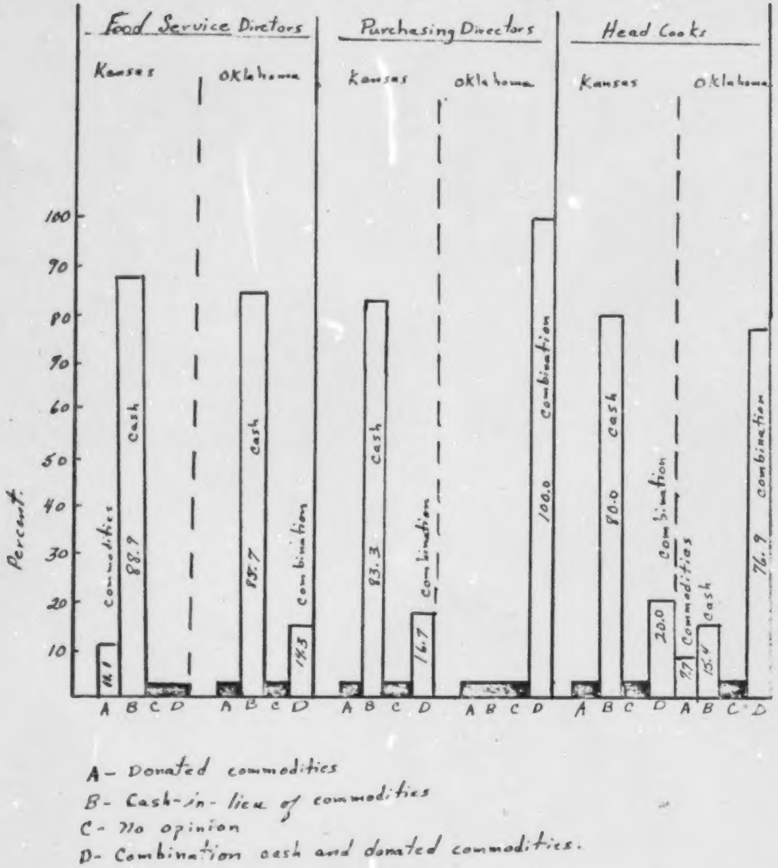
The value of federally donated commodities amounted to approximately 11.1 percent in Oklahoma and the cash program 1.6 percent. In Kansas the cash program contributed about 13.5 percent of the total expenditures. The economic impact to Kansas as a result of purchasing the food locally with the 11 cents per meal amounted to approximately $8.759 million. In Oklahoma the value of the federally donated commodities were purchased out-of-state thus if the value of the commodities would have been purchased locally, it would have generated approximately $9.935 million additional income locally. This income was generated in other states that produced, processed, packaged, and stored the product until purchased by the USDA.

Conclusion.

There does not seem to be any difference in the cost of producing type A lunches between Oklahoma and Kansas. The differences in total costs were at the state level and USDA level. No costs were obtained that were incurred by the USDA for transportation, storage, handling that were not reported as administrative costs. Thus the difference between a program of cash-in-lieu of commodities and federally donated commodities is the additional expenses incurred in handling shipping, storage, and procurement costs which would not be incurred by a cash-in-lieu of commodity program.

A sample of food service directors in the two states indicated an overwhelming preference for a cash program. (Figure 2) Purchasing directors in Kansas preferred the the cash program but in Oklahoma all respondents preferred a combination of cash and donated commodities. Over three forths of the sample of head cooks in Oklahoma preferred a combination of cash and commodity program while 15 percent preferred cash and 8 percent preferred donated commodities. In Kansas 80 percent of the head cooks preferred the cash program and 20 percent indicated a preference for a combination.

Preferences



(PRELIMINARY)

Summary of Opinions of Cooks, Food Service Directors and Purchasing Directors in Kansas and Oklahoma

	KANSAS (26)				OKLAHOMA (17)			
	Government Donated Commodities	Cash Program	No Federal Program	No Opinion	Government Donated Commodities	Cash Program	No Federal Program	No Opinion
		Percent				Percent		
1. Reduce Costs	8.9	86.7	0	4.4	62.5	33.3	0	4.2
2. Best Meal Selection	0	95.6	0	4.4	37.5	58.3	4.2	0
3. Best for Planning	2.2	97.8	0	0	37.5	58.3	0	4.2
4. Easiest Handling	0	93.3	0	6.7	54.1	41.7	0	4.2
5. Easiest Storage	0	95.6	0	4.4	50.0	41.7	0	8.3
6. Easiest Thawing	0	84.4	0	15.6	16.7	29.2	0	54.1
7. Best Quality	4.4	91.1	0	4.4	66.7	12.5	0	20.8
8. Best Package	2.2	93.4	0	4.4	41.7	41.7	0	16.6
				Combination				Combination
Preference	2.2	82.2	0	15.6	4.2	33.3	0	62.5

Mr. HEFTEL. Thank you very much.

I am going to move on without questioning, at this time, to Mr. Marshburn and Mr. Feldman.

Mr. Marshburn, since this is your report, we will invite you to give a succinct summary of your report. I am sorry we started to run out of time, but I think we have some valuable input.

STATEMENT OF JOSEPH D. MARSHBURN, EXECUTIVE VICE PRESIDENT AND GENERAL MANAGER, CITRUS WORLD, INC., LAKE WALES, FLA.

Mr. MARSHBURN. Mr. Chairman, I will certainly cut it short. I would appreciate it if you could make my full statement a part of the record.

Mr. HEFTEL. Without objection, your full statement will be put in the record at this point.

[The full statement of Mr. Marshburn follows:]

STATEMENT OF

Mr. Joseph D. Marshburn, Executive Vice President

and General Manager

CITRUS WORLD, INCORPORATED

P. O. Box 1111
Lake Wales, Florida 33853

to the

SUBCOMMITTEE ON ELEMENTARY SECONDARY AND VOCATIONAL EDUCATION

HOUSE OF REPRESENTATIVES COMMITTEE ON EDUCATION AND LABOR

concerning

Extension of certain Child Nutrition Programs

H. R. 1139

MARCH 10, 1977

MR. CHAIRMAN, and Members of the Subcommittee

I am Joe Marshburn, Executive Vice President and General Manager of Citrus World, Inc., which is a cooperative of some 1200 Florida citrus growers. Citrus World, Inc. is a processing facility that markets $80 million annually in consumer citrus products, including frozen citrus concentrates, single strength citrus juices, chilled citrus juices sections and salad, dehydrated citrus juices, and cattle feed which we market for dairy consumption throughout the southeastern United States and western Europe. Citrus World is the only processing company that produces a full line of all processed citrus products. Through our distributors and through the commodity program we are and have been selling citrus juices to the schools around the United States. I have been a member of the School Marketing Committee of the Florida Citrus Commission which was created through a tax on Florida citrus growers to develop and expand distribution of citrus products to this nation's schools. A sum of $13,000,000.00 was collected from the growers of Florida for the purpose of establishing a packaging and distribution system that would be suitable for consumption by the school children throughout the United States. This program is presently underway and during the last 3 years it has given me an opportunity to very closely observe both the commodity program and the problems associated with distribution of foods to schools.

I also serve on a variety of other industry committees including the Board of Directors and the Government and Industry Relations Committee of the National Frozen Food Association. For your information, the National Frozen Food Association has almost 1300 members from all parts of the industry. Included are distributors, brokers, packers and warehousemen.

I appreciate your providing the opportunity for me to appear before the Subcommittee and offer my comments concerning H.R. 1139 and related issues.

This bill, among other things, proposes to extend the authority of the USDA to purchase commodities at market prices for use in child nutrition programs to assure the traditional level of commodity assistance for these outlets.

There can be no question that the National School Lunch Program is a big business. It has grown from a small operation providing jobs in our depression years and became a formal federal program under the National School Lunch Act in 1946. For the 1977 fiscal year, total spending for this program will be substantially in excess of $4 billion. For the 1977 fiscal year $2.85 billion was approved for the various Child Nutrition Programs. Of this, $1.95 billion was New Obligational Authority and $811,000,000 transfers of funds from Section 32.

Federal spending for the lunch program in the 1947 fiscal year is reported at about $68 million --$59.8 million in cash for food, $5.7 million for Section 6 food purchases and $2.3 million for donated food. For the 1978 fiscal year the budget includes requests for: $615 million for Section 4 lunch reimbursement, $1.2 billion for free and reduced price lunch reimbursement, $8 million for reimbursement of state administrative expenses, and $586 million for commodity procurement, or cash in-lieu of commodities.

In fiscal year 1976 total federal spending in cash payments for food had increased from the $59.8 million in 1947 fiscal year to $1.56 billion. Spending for Section 6 food had increased from $5.6 million in fiscal year 1947 to $80 million; and Federal spending for commodity procurement had increased from just over $2 million in 1947 fiscal year to $362 million. During the same time period state and local contributions to the lunch program increased from $38 million to $980 million. Children's payments for lunches increased from $112 million in fiscal year 1947 to $1.2 billion in fiscal year 1976.

The School Breakfast Program is now following in the footsteps of its older sister, the National School Lunch Program. This program has come from a pilot effort in 1965-66 to a requested spending level of $270 million in Federal cash reimbursement funds alone for the 1978 fiscal year.

Because the National School Lunch Program and the other Child Nutrition Programs of the USDA are such a big business, they profoundly affect the taxpayers of the nation. Therefore, you will certainly agree that it is natural that the food industry be concerned that efforts to provide nutritious meals utilize, to the fullest extent possible, the food distribution and production system of our nation -- a system unsurpassed in any other country. In the institutional field particularly, U. S. food producers have no equal in the convenience and portion controlled packaging for institutional use.

The USDA's authority to purchase food for the lunch program is basically found in four laws. First, the National School Lunch Act, (Public Law 79-396), authorizes in its Section 6 purchases of food for the lunch program. These commodities may be bought at market prices by the Department.

The second food purchase authority is contained in Section 32 of Public

Law 74-320. This law set aside 30% of U.S. Customs receipts each year for the Secretary of Agriculture to spend on three purposes: (1) encouragement of exports; (2) encouragement of domestic consumption; and (3) reestablishment of farmers' purchasing power.

The language of this original enabling act was so broad that Section 32 became a catchall authority, used at various times to finance subsidies, conduct agricultural research, carry out the food stamp program, purchase foods on the open market and donate them to school lunch and breakfast program outlets, and other uses. Over the years, the intent of the original enabling act, while never formally changed legislatively, has been modified to the point where, in the Appropriations Committee report on the Department of Agriculture's 1977 appropriation, the definition of Section 32's purpose is given as:

> The primary purpose of Section 32 is to strengthen markets so as to continue to have adequate production by buying up surplus perishables, strengthen markets and thereby make it worthwhile for the producer to stay in the business of feeding the consumer.

In the House Appropriations Committee hearings on the USDA's FY 1977 budget requests, a USDA official was asked what his understanding of Section 32's purposes were. He responded, and the following coloqy took place:

MR. HECKMAN: Section 32 is used basically to encourage domestic consumption of perishable agricultural commodities. Purchases are made for distribution to schools and nonschool feeding programs, summer camps and needy persons.

MR. WHITTEN: How do you reconcile your proposed use of those funds with their original purpose as intended by the Congress?

MR. HECKMAN: The surplus removal aspects of Section 32 will still be maintained in fiscal year 1977. As surpluses develop, the Department will purchase them for donation to schools to the extent that the school lunch program can absorb them. This is essentially what happens now.

In 1973, through action on the Farm Act, (Public Law 98-86), the Congress authorized the USDA to use Section 32 funds for the purchase, at market prices if necessary, of commodities for use in the various feeding programs.

In 1974, two laws dealing with market purchase authority for commodities bought under Section 32 funding were passed. Public Law 93-326 was reported from the Education and Labor Committee and extended the Secretary's authority to use Section 32 funds for the market price purchase of commodities to provide donations to child nutrition programs and senior citizen nutritional projects. Also, the House Agriculture Committee cleared a bill, Public Law 93-347 which extended through September 30, 1977 the USDA's authority to buy food for non-child nutrition or elderly food program outlets at market prices. These outlets include: the needy, disaster victims, women infants and children.

In 1975, as a part of Public Law 94-105 reported from the Education and Labor Committee, the Congress extended until September 30, 1977 the authority of the USDA to purchase commodities with Section 32 funds at market prices for child nutrition program and elderly feeding program use.

It is this authority, provided in Public Law 94-105, to which I understand H.R. 1139 addresses itself. The bill proposes an additional five year extension of this authority.

The other legislative enactment dealing with USDA authority to purchase food for the National School Lunch Program and other department food programs is the 1949 Agricultural Act known as Public Law 81-439. Through this Act's Section 416, authority was provided for the donation of commodities previously acquired by the Commodity Credit Corporation under its price support operations.

This act was amended as part of Public Law 93-150 and funds of the Commodity Credit Corporation were authorized for use to purchase those commodities no longer in surplus in order to assure a steady supply of food to domestic feeding programs. Market price purchases were permitted.

A final legislative enactment relevant to this discussion is Public Law 89-321 known as the Food and Agriculture Act of 1965. This law authorized the USDA to purchase sufficient supplies of dairy products at market prices to meet the needs of any programs for schools, domestic relief distribution, community action and other such activities. Mr. Chairman, as Exhibit #1, I would like to insert in the record a chart compiled from USDA statistics showing the spending history of the National School Lunch Program.

This brings us to where we are today with the USDA acting as the potential purchaser for food which could be valued at as much as $913.3 million. Included below is a table which shows funds available for food purchases in fiscal year 1977.

FEDERAL FUNDS AVAILABLE FOR FOOD PURCHASES IN FISCAL YEAR 1977

Source	PURPOSE	AMOUNT
A. Section 6 of Lunch Act	market price purchases	
B. Commodity Procurement	1. surplus removal 2. reimbursement for CCC for foods bought and given to lunch and CNA Programs 3. market price purchases 4. cash-in-lieu of commodities	$586,000,000
C. Section 32	surplus removal	$300,000,000
D. Section 416	price support, food purchased by CCC and transferred to lunch and other CNA Programs-reimbursement to CCC from B	

The above table shows the effects of the Congress' action on the USDA budget for food purchases for Child Nutrition Programs for the 1977 fiscal year. To these figures must be added the following programs and dollars for food purchases:

Direct Distribution to Needy Families	$ 4,862,000
Supplemental Food	$17,100,000
Elderly Program	$ 5,350,000
	$27,312,000

The sum of these two tables means that for the present fiscal year the USDA has available over $913 million for the purchase of food for the lunch program and other food programs.

You will note that the appropriation for the 1977 fiscal year no longer shows a separate category for Section 6 food purchases authorized under the National School Lunch Act. These funds, about $80 million, have been placed in the commodity procurement category.

As submitted to the Congress by the USDA, the 1977 fiscal year budget called for using the entire $1.1 billion in available Section 32 funds to finance a major portion of the Child Nutrition Programs. If this had been approved by the Congress funds traditionally earmarked for use, on an as needed basis, to stabilize prices on perishable agricultural commodities by the purchase and distribution of excess production would have been eliminated.

During the House Appropriation's Committee Subcommittee on Agriculture's hearings on the USDA budget requests, its Chairman, Congressman Whitten, engaged in the following discussion with Mr. Heckman of USDA:

MR. WHITTEN: Explain your proposal to relocate Section 32 funds from under the Agricultural Marketing Service to the Food and Nutrition Service.

> MR. HECKMAN: Thirty percent of the customs receipts on fishery products are to be transferred to the Department of Commerce. The remaining balances of the Section 32 appropriation are to be transferred to the Food and Nutrition Service and merged with the Institutional Nutritional Support appropriation. The purchase of surplus commodities will continue to receive first priority in the use of funds transferred to the Food and Nutrition Service. With appropriated Marketing Service Funds, the Agricultural Marketing Service will continue to contract for commodities and provide an analysis of market conditions. These changes will have no adverse impact on producers or consumers. The funding level for commodity purchases in fiscal year 1977 is far in excess of the level of surplus removal activity which has been necessary in recent years. (emphasis supplied)

As a result of this testimony, the Appropriations Committee did approve the $586 million requested for commodity procurement. The Committee report on the bill had the following to say about the transfer of Section 32 funds:

> Purchase of surplus commodities eligible for support with Section 32 funds will continue to receive first priority by AMS in the use of funds transferred to the Child Nutrition Programs. Second priority will be to supply other commodities or cash in lieu of commodities to meet the required traditional level of commodity support to eligible persons and outlets. Third priority will be to use Section 32 funds in lieu of direct appropriations to supply required cash reimbursement, primarily to schools under the requirements of the Child Nutrition Act of 1966, as amended and the National School Lunch Act as amended.

The Committee did not accept the USDA argument that the $586 million requested for commodity procurement met the need for funding availability for surplus removals despite USDA's statement to the contrary. Instead they provided a $300 million fund under the jurisdiction of the Agricultural Marketing Service to guarantee production and orderly marketing of perishable commodities plus the $586 million for Food and Nutrition Service commodity procurement.

Mr. Chairman, there are some hard feelings out there in the food industry about the Federal Government's involvement in the food business. We don't understand why the most efficient system of getting food from the field to the table in the world is by-passed. We have the experience. We can do the job economically and efficiently. Federal involvement in the process means lost dollars and jobs for local businesses across the nation. We are skilled in meeting the demands of the institutional food service market and believe we can do a better job than the Federal Government.

Before discussing the operational aspects of the commodity purchase programs of the USDA, I do want to address myself directly to the objective of H.R. 1139 -- should the authority of the Secretary to purchase commodities with Section 32 funds at market prices for distribution to child nutrition programs and elderly feeding programs be extended? The answer, from the USDA's own statistics, clearly is NO.

For the 1975-76-77 fiscal year the USDA has spent the following amounts of their total multi-million dollar appropriations for Section 32 and Section 416 commodity procurement buying foods at market prices:

Fiscal Year 1975	1,029,000
Fiscal Year 1976	13,500,000
Fiscal Year 1977	NONE THUS FAR

Members of the Subcommittee then may ask -- why -- as I did when I learned these figures? If they are accurate, this means that all the commodity purchase funds expended by the Department to date in FY 77 have been for surplus removal, cash in lieu of commodities, or for reimbursement to the Commodity Credit Corporation for food purchased and transferred to the school lunch or other child nutrition programs. The obvious question that this set of circumstances raised in my mind was -- if this is so, then what is a surplus?

I would remind the Subcommittee that the USDA has not substantially used the market purchase authority which H.R. 1139 seeks to extend for five years. If you subtract out the Section 6 food purchases made by the USDA for the lunch program in Fiscal years 1975-76-77 and include only the Section 32 and Section 416 purchases made, you will find that the amounts bought for the three fiscal years show $367.2 million in fiscal year 1975 (market price purchases of just over $1 million); fiscal year 1976 purchases were $362.4 million (market price purchases of $13.5 million); and for the 1977 fiscal year when a total of over $500 million and as much as $800-$900 million is available, none of the food purchased thus far has been bought under the market price purchase authority. These figures on "market price" purchases are from the Food and Nutrition Service Budget Office.

If you assume a surplus and price support program authority and contingency funding appropriation will remain on the books, I believe it is far better for the USDA to provide schools and other food program outlets with cash-in-lieu of commodities and allow them to buy food locally from local producers and distributors -- especially when market price purchases would be the USDA alternative.

I believe I speak for a majority of the food industry when I say that the entire commodity purchase program of the USDA ought to be handled differently. At the very least I believe it should be a cash-in-lieu of commodities program, perhaps at the outset providing this approach as an option for the states so that experience can be gained. Kansas has this option and seems well pleased with the results. Five states have indicated support for this approach: New Hampshire, Missouri, Wisconsin,

Hawaii and Idaho. (School Food Program Needs - 1975, Survey by U. S. Senate Select Committee on Nutrition and Human Needs).
The USDA's own figures for fiscal year 1975 show that for the cash Kansas system the cost of a lunch was 97¢ and for the Oklahoma commodity system the cost of a lunch was $1.11.

I would encourage the Subcommittee to consider the example set in the Food Stamp Program where stamps were substituted for the Food Distribution Program for needy families; the WIC program which provides vouchers to program participants for the purchase of designated food items, and the decision by all but five of the states with pre-school and after school feeding programs to accept cash rather than commodities for them.

WHAT IS WRONG WITH THE PRESENT COMMODITY PURCHASE PROGRAMS

No doubt each member of this Subcommittee has received and read a copy of the Comptroller General's Report titled, "The Impact of Federal Commodity Donations on the School Lunch Program." I hope that the text of this report will be included in its entirety in the record of these hearings.

The litany of abuses outlined in this report on the commodity programs and examples of lack of communication within the Federal bureaucracy, as well as with state agencies and program participants, makes it difficult for me to understand the Comptroller General's finding that the commodity programs are operating efficiently. I note that the USDA agrees with all the major findings of the report except that cash-in-lieu of commodities should be a viable option.

I would like to highlight for the Subcommittee some of the findings in the report.

NEED FOR BETTER IDENTIFICATION AND CONSIDERATION OF SCHOOL DISTRICTS COMMODITY NEEDS

The report relates the completely inadequate means which the USDA and local school lunch authorities use to get input as to what types of commodities would be useful in lunch program operations. For example, it is pointed out that the USDA does solicit the states on certain types of purchases and that the states either don't respond or respond without ever checking with those whose responsibility is the preparation of lunches. This certainly shows an inability of the USDA to coordinate the preferences of the 90,000 schools in the lunch program and belies their argument that cash rather than commodities would prove unworkable because such coordination could not be achieved.

Nowhere in this report is there a discussion of exactly what a surplus is, who decides that there is one, or how much it is.

The report points out that the USDA, when it does ask for state comments on commodities, provides space on its form for commenting on grade, quality, package or can size, and acceptability of the individual items. No information is requested on quantity. This means of course that the amount of commodities purchased and allocated for the school lunch program do not take into account actual commodity useage at the school district level. The USDA says that it has sufficient information on school enrollments and other factors on which to base the volume of purchases and that specific quantity information is not needed. The report points out that the City of Cleveland accepted only 60,400 pounds of the 589,000 pounds of peanut butter offered it in the last three years.

The USDA assumes that the traditionally furnished commodities are suitable even though they have no basis on which to know this is so.

IMPACT OF COMMODITY PROBLEMS ON THE SCHOOL LUNCH PROGRAM.

A long list of refusals of donated commodities by the school districts surveyed are outlined in the report. These refusals occurred even though the school districts were charged for the commodities as though they had received them. The report points out that three of the four states and 10 of the 12 school districts surveyed now receiving commodities, had refused various commodity offers during the last three years.

Section 6 commodities: 4 of the 13 commodities purchased were refused.

Section 32 commodities: 17 of the 26 commodities purchased were refused.

Section 416 commodities: 14 of the 19 commodities purchased were refused.

IMPACT OF COMMODITY REFUSALS

For the 1974-75 school year, Kansas School Districts automatically received the full 10¢ per lunch prescribed by law; whereas seven of the eight districts in the commodity program received commodity assistance ranging from 5¢ to 9% per lunch.

POOR TIMING OF DELIVERIES

Deliveries late in the school year and lack of sufficient notice to the districts as to what commodities would be available often meant revisions in menu planning and repetitive servings of some food items, increased plate waste, and storage costs.

SOME COMMODITIES ARE DIFFICULT TO USE IN CENTRAL KITCHENS.

Officials in a St. Louis school district indicated that some of the commodities allocated to it could only be served to 8,000 secondary students but were allocated based on a total enrollment of 48,000. This led to increased storage costs.

COMMODITIES NOT IN PREFERRED CONTAINER OR SIZE

Report says that the districts were generally happy with the sizes and containers of most commodities. It is pointed out that when the USDA provided the option to the states for different orange juice container sizes, this option was not always passed on to school districts. The report concludes that Cleveland could have saved over $60,000 in processing costs if the larger size container could have been provided during the three year period.

SPOILAGE OF SOME CONTAINERS.

Report finds that spoilage is not a problem because it is not reported. However, it is also pointed out that there is a disincentive to report spoilage because the state or district can be charged the cost of the commodity if the spoilage is found to be their fault.

CAUSES OF PLATE WASTE AND POSSIBLE SOLUTIONS.

About 15% of the school lunch food is wasted according to the USDA. School lunch officials believe that the prime causes of plate waste are lunchroom atmosphere and conditions, lack of nutrition education, type of food served, and food preparation methods. One of the solutions offered is relaxation of the Type A lunch pattern requirements, and eliminate the limited appeal donated commodities. One official indicated that in Kansas, plate waste had been reduced by 50% since the cash rather than commodities program had been introduced.

CASH OR COMMODITIES

According to the report, the USDA favors a reduction in commodity distributions and a comparable increase in cash payments but would want to leave certain options open to insure that the decrease in commodity donations would not adversely affect the surplus removal program. One option would be to use the increased cash to purchase commodities specified to be in surplus.

In reviewing the Kansas system the report finds that, while some smaller more rural school districts experienced increased costs, they felt the flexibility of cash was worth it. They also found that experience with the cash program was moving the smaller school districts to form cooperative purchasing units.

Neither I nor a great majority of the American people question the objective of feeding the people of this nation. That is the food industry's goal too. I am not attacking the National School Lunch Program or any other food program. I am concerned about the commodity purchase programs and their effect on the National School Lunch Program. I want the lunch program to meet its objectives. I want to help to make it better, not tear it down.

Mr. Chairman, I would like at this time to ask your permission to insert into the hearing record copies of five newspaper stories from the Chicago Tribune about the inadequacies and failures of the school lunch program in the State of Illinois as Exhibit #2.

I would point out to members of the Subcommittee that an effective efficient school lunch operation is of as much concern to State and local governments as it is to the Federal Government. For the 1976 fiscal year state and local governments provided funds totaling $2.2 billion including children's payments. This is more than 50% of the program's total annual cost. State and local appropriations for the same fiscal year without children's payments totaled $980 million.

The State Legislature of Illinois thinks its state and local contributions are important to the point where the State Legislature has authorized an investigation of how the program operates in that State.

Food industry executives tell me they have noted school buses picking up frozen commodities from train sidings without providing the necessary refrigeration. We have seen pickup trucks pull up to a warehouse and load frozen commodities for the two-hour trip back to the schools with that frozen food baking in the sun. We are concerned about our products. We want them used in school lunches. We want to assure that they arrive at the food preparation point frozen and with their quality unimpaired.

Once the food arrives at the state warehouse, the title to it goes from the Federal Government to the State and Federal supervision of distribution ends. No one, from the producer to the school lunch cafeteria worker wants to put food on the table which has lost its consistency, flavor and nutritive value. I know there is a better way.

Last June of 1976, Mr. William J. Hartenstein, President of the Pennsylvania School Food Service Association and Coordinator of School Food Services for the North Penn School District appeared before this Subcommittee. I would like to include in your hearing record the entire text of his statement as Exhibit #3.

Mr. Hartenstein said in part of his presentation relating to Commodity Delivery Systems.

The Commodity Program as administered by USDA in my opinion has grown into the most unresponsive and falsely justified program ever conceived. Born at a time when food was rotting because of over abundance, the program may have been justifiable. Today, to rationalize its existence is a mockery to world's starving.

I am realistic enough to admit that my own program could ill afford to purchase the $125,000 plus commodities it received during the 1975-76 school year. But I would, as a firm believer in free enterprise, be far better off purchasing the commodities I need, not prunes and peanuts, with $125,000 cash in lieu of commodities plus the additional monies which would be available if the USDA's commodity purchasing bureaucracy were abandoned.

I would also like to include in the record the text of a statement made by Mr. Francis J. Spain, R.D., Food Service Director for the Hopkins County Schools in Madisonville, Kentucky. He titled his statement Commodities (not exactly manna). In this statement he comments on what he says are three major problems connected with receiving food from the USDA: (1) the foods; (2) the distribution of these foods; and (3) the problems of being the consignee - Exhibit #4.

Mr. Chairman, I would like to insert in the record two additional exhibits.

Exhibit #5 is a statement titled, "Cash Grants or Commodity Distribution." It was presented to the Association of Institutional Distributors on November 8, 1976 by Frances E. McGlone, Director of Food Services and Nutrition Education for the Olland, California, Unifeid School District. She says in part:

> Let's analyze the cost to the taxpayer for one pound of commodity chicken served to children in the Oakland Schools. Last year, USDA bought 49,824,000 lbs. of cut up chicken at a cost of $25,875,000 or an average of .5193 cents per pound. Since July of this year, USDA has purchased 2,736,000 lbs. of frozen cut up chicken at an average cost of .5377 cents per lb.

USDA Cost	$ .5193
School District Cost	
Surplus Agency	.07
Storage	.0354
Processing	.40
Delivery	.0437
TOTAL	$1.0684 per lb.

> These figures do not include any of the overhead costs of USDA, state agencies, or the Oakland Unified School District.
>
> Chicken is a very popular entree in the Oakland Schools -- the children enjoy it and eat it. I purchase chicken often from my distributor as part of my frozen food contract. It is easy -- all I do is order as needed and it is delivered to each individual school location at a cost of 95¢ per pound. . . What do you think when it costs $1.07 to put a pound of commodity chicken on the lunch menu and I can buy chicken from my distributor at 95¢ per pound.

Exhibit #6 is a presentation to the same meeting above by Ione H. George, Specialist, School Food Service, Kansas State Department of Education. Her statement clearly sets out the Kansas position on cash and includes a resolution adopted by the Kansas Food Service Association in support of cash rather than commodities. The cash system works in Kansas. They want it continued. I hope there is a message there for other states who are considering following the Kansas example.

I believe that changing conditions in the marketplace and changing requirements on the part of the institutions served, have made it desirable to alter the present commodities program in the following manner:

(a) Direct purchasing and distribution of commodities would be replaced with a cash supplement to eligible institutions based on a cents-per-meal formula.

(b) This money would be used to subsidize the purchase of commodities, from normal distribution sources, in any form approved by officials of eligible institutions.

(c) A voucher system would be established to move surplus items through existing production and distribution systems to eligible institutions.

The proposed changes will allow the school lunch program to continue to meet its objectives without disrupting an orderly flow of any particular product to the feeding institution on a year round basis. This will result in numerous benefits to user, industry and government.

Benefits:

(a) User Benefits

1. Complete and reliable information on product availability, quantity, quality and timing will be available instead of the present uncertainties involved in the commodities distribution program.
2. Dependable deliveries of quantities of products required to meet scheduled feeding needs will be made. Presently, products are often delivered in excessive quantities exceeding the ability of the institution to store them, and thus, resulting in waste or additional storage charges.
3. Quality standards will be maintained throughout the storage and distribution process. Although the U. S. Department of Agriculture monitors the original quality of the product, there is no inspection of storage and delivery techniques. Industry and governmental codes applicable to storage and distribution procedures are not adhered to under the present system which bypass established channels.
4. The kind of products desired will be packaged in forms compatible with current needs and handling ability. This will eliminate the users' receipt of products in convenience form when they are equipped to process the products themselves. Conversely, it will eliminate receipt of bulk products such as flour or whole turkeys, when reprocessing into useful sizes or forms is beyond the capabilities of the user.

5. Products acceptable to local eating habits will be received instead of products which are unacceptable to local eating habits.

6. Access will be opened to the expertise and services of established distribution channels, so that the food industry will have the opportunity and incentive to extend its full range of services on all products purchased by the school lunch program.

7. The food industry will be encouraged to develop unique products for the participating institutions.

(b) Food Industry Benefits

1. There will be improved communication as to which surplus items have been purchased, thereby allowing improved inventory maintenance by processors and distributors. Inventories acquired by processors and distributors in anticipation of usage by institutions are often rendered unnecessary as a result of replacement by government purchases. This, in turn, causes an increased tax burden to these processors and distributors and is highly disruptive to the orderly flow of the particular product to institutions on a year round basis.

2. Stabilization of commodity markets and reduced impact of government purchases on commodities in balanced or short supply will be achieved with surplus commodities being moved into distribution on a consistent basis.

(c) Government and National Benefits

1. The Department of Agriculture will be relieved on the responsibility for obtaining the quantity of commodities desired by users when total supply is inadequate to meet market demand.

2. Quality standards applicable to commodity processing will be extended throughout the storage and distribution process. School buses and pickup trucks will no longer be seen delivering many frozen food commodities in connection with government distributions.

3. There will be greater control over the total delivered costs of commodities. Commodity prices are inevitably rising as a result of disappearing surpluses and growing export markets. Efficient handling and distribution through existing facilities and equipment will minimize transportation and storage costs and reduce product waste through spoilage. In addition, the landed costs experienced by eligible institutions for government supplied commodities can be more readily monitored.

Recommendations: Only a complete change of distribution programming can provide the above benefits. The three key actions necessary to achieve such change are:

(a) Direct purchasing and distribution will be replaced with a cash supplement to eligible institutions based on a cents-per-meal formula.

(b) This supplement will be used to subsidize the purchase of commodities through normal distribution sources in any form approved by officials of eligible institutions.

(c) A voucher system will be established to move surplus items through existing distribution channels. These actions will provide benefits to users, the industry, and, in a broad sense, the nation as a whole. One possible version of a voucher system for commodities would include the following steps:

1. The Department of Agriculture would submit, to each state, a directed voucher for a specific time period accompanied by a

letter of credit for a specified commodity.

2. Each state agency in charge of such distribution would then submit to each local eligible institution, a directed voucher for the purchase of a predetermined quantity of the commodity.
3. The eligible institution would then order, through its regular supply source, the quantity allocated of the commodity.
4. The eligible institution would pay for the commodity by delivering the voucher to the vendor along with any additional sum required to pay the balance of the invoice.
5. The vendor would then submit the voucher, along with a copy of the invoice, to the state agency for payment.

Such system could be refined to any degree necessary to prevent abuses.

Summary: The United States enjoys a food production and distribution system unsurpassed in any other country. In the institutional field particularly, U. S. food processors have no equal in the convenience and portion controlled packaging of food items for institutional use.

Under the present system of food commodity distribution, eligible institutions are often denied access to the processing and distribution expertise of the industry. While good foods are made available, quality is impaired, and additional costs are incurred.

I envision that, through a voucher system for designated commodities and cash subsidies for other commodities, such items can be moved in an orderly basis through existing distribution channels to the institutions. The government would be relieved of the necessity of maintaining a system of bulk purchase and warehousing and institutions would be relieved of having to maintain a distribution system. Foods would be delivered when and where they are needed with their quality intact, in packaging and quantities ready to use, and at a reduced cost through presently existing distribution channels.

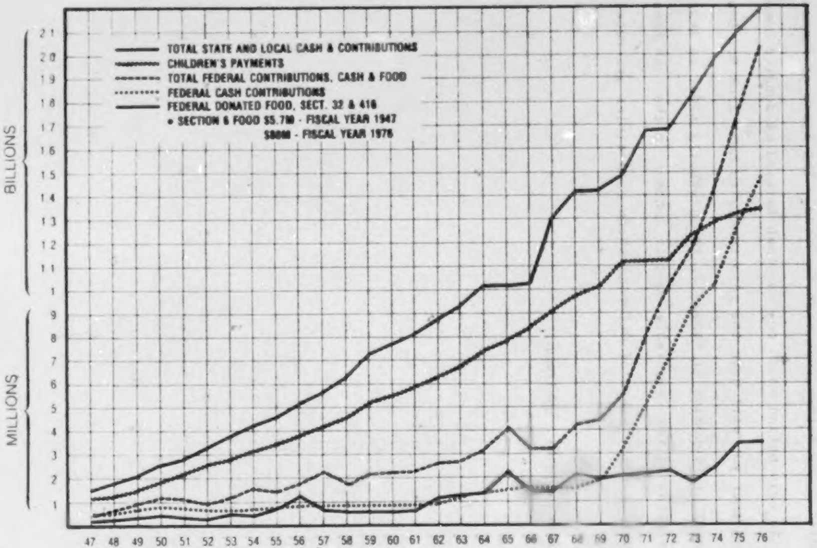
Mr. Chairman, for years we in the food industry have heard officials of the USDA and some local school lunch officials say that government-donated commodities are better than cash for food. The State of Kansas is the only State in this nation which now has cash instead of donated commodities. I am pleased that you will have the opportunity to hear from Dr. Donald Erickson, Professor of Economics at Kansas State University today to learn the results of his study of the comparable cost of lunches in the cash Kansas system and the system of the State of Oklahoma where commodities are received.

Thank you Mr. Chairman.

Exhibit #1

NATIONAL SCHOOL LUNCH PROGRAM SPENDING

FISCAL YEARS 1947-1976



SOURCE USDA

EXHIBIT #1

Chicago Tribune

Friday, February 25, 1977

School lunch program probe OKd

THE ILLINOIS House Appropriations Committee has formed a seven-member, bipartisan subcommittee to investigate school lunch programs in the state in response to disclosures in a Tribune Task Force series.

Rep. Pete Peters [R., Chicago], cosponsor of the resolution creating the subcommittee, which passed unanimously Wednesday, said the panel would hold statewide hearings.

"The whole Tribune series just amazed me," Peters said. "Everybody assumes we have lunch programs, and that the children are eating the food. Now we find they are throwing the food out."

THE SERIES, which ran Feb. 20 through Feb. 23, outlined how at least $600 million worth of food in the $4 billion, federally subsidized program is wasted nationally every year.

The series also showed how the lunch program often fails to provide balanced, nutritional meals to the 25 million school children who are fed through the program.

"We're supposed to be providing nutritious, wholesome, appetizing meals for students, and obviously we're not doing it," Peters said.

"If a child isn't eating properly, the child can't learn. We've got to tear into the program and find out why it isn't doing the job," he said.

Peters said the subcommittee, to be called the Task Force on School Lunch Programs, will be composed of four Democrats and three Republicans.

Members and the panel's schedule for hearings will be announced later, he said.

THE RESOLUTION mandated the subcommittee to determine if school lunches in Illinois were meeting federal and state standards for nutritional quality and quantity. In addition, it will investigate the quality of nutritional education and determine a line of responsibility for controlling the quality of

Continued on page 14, col. 1

School lunch probe OKd

Continued from page one

school lunches in the state.

"Recent exposes have pointed out problems in the present school lunch program, of providing minimum nutritional standards, and of exceeding recommended limits of fat content which can affect the physical and mental growth of the youth of our state," the resolution said.

"Food is wasted because children have found the meals served unappetizing and unappealing, and thus have left large portions uneaten," it continued.

The powerful Appropriations Committee controls the state education budget, including school lunch program appropriations. The state contributes $14 million annually to the program, Peters said.

"SOMEBODY OUGHT to be responsible for assuring that the monies spent are spent properly and more importantly that the children are given good nutrition," he said.

He said he also plans to introduce a bill to establish a council on nutrition to coordinate programs of governmental agencies.

"Someone, someplace is at fault for not fulfilling the mandate on the school lunch program," Peters said.

The subcommittee will hear from educators, nutritionists, and dieticians, Peters said.

"We are going to see what recommendations we can make and what monitoring systems we can come up with."

After the hearings, the subcommittee will make its report available to the legislature, the governor, and the State Board of Education.

Chicago Tribune

Sunday, February 20, 1977

[illegible]

50¢ City and suburbs 60¢ Elsewhere

School lunches: Why Johnny won't eat

© 1977 Chicago Tribune

AFTER A LUNCH hour at Lincolnwood Elementary School in Evanston early this year, a janitor was routinely converting the lunchroom back into a gymnasium. The first step, equally routine, was to collect the garbage.

The 250 children, before fleeing the building to play outside, had left him with three bulging, 30-gallon bags stuffed with reheated TV-type meals, many of them barely touched or only half-eaten.

Upstairs from the gymnasium-lunchroom, Principal A. Neuman sat in the teacher's lounge with several members of the school staff. They were eating bag lunches they had brought from home.

"Three of the children refused to take lunch after they paid for it," Rhoda Seman, the lunchroom supervisor, told Neuman.

"Gee, you should have given them a peanut butter and jelly sandwich or something," Neuman said. "We can't let them go hungry."

"I know," said Mrs. Seman, "but if the other kids saw that, none of them would want to eat the meal."

THE MEAL they were discarding was among 25 million lunches served every school day under the $4-billion, federally subsidized National School Lunch Program.

The nationwide program is big business. In fact, it has become the fourth largest purchaser of food in the nation. The program was born out of good intentions after World War II to improve the health of the nation's children, particularly poor children, by giving them at least one balanced meal a day.

Over the years it evolved into almost sacred proportions, a government expenditure taxpayers are happy to pay for as an investment in their children. And the meals now go to children from every economic class, with those whose parents can afford it paying again at the schools.

BUT NOW there are knowledgeable [illegible] about the program—nutritionists and educators—are becoming increasingly critical of school lunches as a program that doesn't deliver nearly what it promises.

The Tribune Task Force spent 10 weeks surveying school lunches in Chicago and 129 suburban school districts, comparing the results with studies elsewhere in the nation.

The Tribune also commissioned Bender-Hinman Laboratories of Chicago, a leading nutrition-research firm, to make a chemical analysis of meals served to 30,000 Chicago and suburban children.

AMONG THE conclusions drawn from the Task Force study:

- The National School Lunch Program causes massive waste, often forcing on its young "customers" food that they have no intention of eating. Studies by the United States Department of Agriculture, administrator of the program, show that $600 million worth of food is thrown away by children annually, and The Tribune's study indicates the waste may be even greater.
- Believed to be a model of nutrition, the lunch program does not even guarantee the minimum daily requirements for one meal's contribution to a healthy diet. The Tribune found tens of thousands of children being served meals that were less nutritious than a hamburger, french fries, and milk from McDonald's, Burger King, or Burger Chef.
- Control of food quality has been left to local educators, who are sometimes little interested in or even hostile to the program. As a result, the food served varies from delicious, freshly prepared hot meals in some schools to a cold sandwich in others—all, as it happens, at the same cost to the schools.

BESIDES RELYING on scientific analysis of the food, the reporters con-

Continued on page 14, col. 1

Task Force report

Each school day 25 million American children are served meals provided through the $4-billion National School Lunch Program. To find out how effective the program is, and to determine the quality of the meals it provides, The Tribune Task Force spent 10 weeks surveying and testing school lunches. It also commissioned a chemical analysis of the subsidized meals. This is the first of a series of reports on the investigation by William Gaines and Monroe Anderson, written by William Mullen.

Continued from page one

ducted their own tests by simply eating the same meals as the pupils.

They found differences in quality ranging from meals that seemed to have been homecooked to sterile, tasteless, unappetizing meals.

The reasons found for the program's tremendous waste also varied widely—from the age-old problem of getting children to eat their string beans to the unappetizing nature of many mass-produced meals.

Nobody, even among its critics, appears to want the program ended on grounds of its inadequacies and shortcomings. But critics are calling for tighter controls to lessen the waste and provide more nutrition.

THE DEPARTMENT of Agriculture, which funds the program, is powerless to monitor food quality. That is left to the states, which have passed the responsibility on to local school districts.

Though the goals of the lunch program when it was started in 1946 were "to dispose of surplus commodities and feed the needy," its intent has grown far beyond these bounds.

Now, all school children may obtain the subsidized lunch, where available, and schools buy food for the lunches with tax dollars at the going market price.

Nutritionists have seen the mushrooming program as an opportunity to wage war on poor nutrition, envisioning it as a way of educating children to good eating habits.

"THE SCHOOL lunch program is an insurance policy for the kids that don't get enough to eat at home," said Dr. Jane Voichick, an associate professor in nutritional sciences at the University of Wisconsin. She served during The Tribune's study as a consultant to interpret the complex laboratory results.

For the laboratory analysis, the Task Force visited seven Chicago and suburban schools, purchased lunches similar to those being fed the children, and took the food immediately to Bender-Hinman Laboratories.

At six of the seven schools, the reporters also gathered representative samples of the children's leftovers so the amount of waste could be accurately measured by the laboratory.

After studying the laboratory results, Dr. Voichick said she was surprised by the low level of calories offered in the seven meals and "appalled" by the high level of waste from the six studied for waste.

"The children's rejection is the real condemnation of the quality of the food," she said.

DR. VOICHICK and many other nutritionists said an ideal lunch program would offer hardy, balanced, and varied meals prepared in kitchens and served with loving care by a cook.

But most schools are without kitchens. Many school boards have been unwilling to invest in them, although federal funds are available for 75 per cent of the equipment expense.

"I'm not about to spend education dollars on food," said one north suburban school superintendent.

Agriculture department officials complain that local educators frequently look upon the school-lunch program as a curse and delegate their responsibilities to convenience-food companies.

The companies sell to the schools easily served cold sandwiches and frozen meals resembling TV dinners. The firms may also decide each day's menu. In 1966, Congress allowed school districts to contract for the lunches with such companies, permitting the companies to use government commodities in preparing them.

THE MASS-PRODUCED, prepacked meals are becoming increasingly popular among school officials. The Chicago system has 28 schools that have been supplied with such meals since 1975, and more are to be added soon.

Food nutritionists, however, say the convenience meal is the least palatable sort of school lunch. The meals are unappetizing to look at, often bland, and frequently short on food value.

"It's easy for the administrator and good business for the suppliers," said Betty Wedman, nutrition consultant for several suburban schools. "The only persons suffering are the children."

"We are fearful that the school-lunch program is moving toward convenience foods," said Ronald Pollack. He is director of the Food Research Action Center, a nonprofit, public-interest law firm in Washington, D.C., that has fought for better school lunches.

"We are afraid that these convenience foods are not providing the kind of food value ascribed to the program," he said.

INDEED, the spaghetti-and-meatball lunch the three Evanston children refused to even take did not meet th

CONTINUED

National School Lunch Program: Why Johnny won't eat

[illegible]

Waste in an Evanston school lunchroom: Besides not meeting nutritional standards, the food is unappetizing.

[illegible]

Chicago Tribune

7Star Final

Monday, February 21, 1977

[illegible] 5 Sections 15¢

4th R is rubbish, school pupils learn at lunch

[illegible] Chicago Tribune

CLYDE VARTY, assistant superintendent of Madison School District 321, has a story he tells when discussing the [illegible] million in annual waste attributed to the federal school-lunch program.

He says it illustrates what often occurs in the cafeterias of District 321's schools. It tells of a lunchroom attendant offering an apple to a 10-year-old pupil.

"I don't want an apple," says the boy.

"You've got to take it," insists the cafeteria worker.

"But I don't want it," the boy counters.

"It's the law," the worker says. "You've got to take it. It's a requirement of the government."

Says Varty: "As soon as the apple touches that child's hand, it becomes waste."

A LOT of the food in the federal government's $4-billion school-lunch program is merely touched and then put in the garbage. So much so that many nutritionists and educators believe the program needs a major overhaul.

To learn how the program is working, the Tribune Task Force spent 10 weeks studying school lunches in public and parochial schools in Chicago and the suburbs, comparing the results with studies made elsewhere in the nation.

Task Force report

Each school day 25 million American children are served meals provided through the $4-billion National School Lunch Program. To find out how effective the program is and to determine the quality of the meals it provides, The *Tribune* Task Force spent 10 weeks surveying and tasting school lunches. It also commissioned a chemical analysis of the subsidized meals. This is the second of a series of reports by William Gaines and Monroe Anderson, written by William Mullen.

The Tribune commissioned Roeser Hasen Laboratories of Chicago to determine the nutritional value and amount of food waste in the school-lunch program. Roeser-Hasen consultants, testing and research experts for the food industry, made chemical analyses of meals identical to those served to 381,000 [illegible] children in the city and suburbs.

SOME OF the findings were as follows:

- During one lunch period, Chicago public elementary school pupils threw away an average of more than a third of a pound of food each from lunches that weighed 1¼ to 1½ pounds. Projecting the figures for the 275,000 public-school pupils who ate the same lunch that day shows that a total of 49.6 tons of food could have been thrown out.
- In Illinois alone, $19.5 million worth of food from the program is thrown away annually. If the Chicago public-school meals tested had shown as little waste as found in a test meal at a Catholic school, the annual loss in wasted food could be reduced by $3.27 million.
- Analysis of one cold sandwich lunch served in a Chicago school showed that more than half the meal's calories were thrown away by pupils, along with 47 per cent of the protein and 65 per cent of the fruits and vegetables it included.

NUTRITIONISTS who reviewed the Tribune findings were shocked.

Other studies have shown the [illegible] food waste in school lunches, [illegible] Turner, a spokeswoman [illegible]

Continued on page 4, col. [illegible]

Planning pays off—good meals get eaten

JUST OFF a school kitchen that smelled of homemade cooking, Mrs. Andrew Kolb, food services director of River Trails School District 26 in Mt. Prospect, was working with a pencil:

Hamburger meat, 9.5 cents ... bun, 3.4 cents ... fries, 4 cents.

There was the muffled sound of children talking as they ate lunch, a balanced meal that rated well in the Tribune Task Force analysis of school food.

Mrs. Kolb was balancing her lunchroom budget: labor costs, 26.6 cents ... paper and packaging, 4.5 cents ... peach, 3.4 cents ... cookie, 3.7 cents ... milk, 8.3 cents ... Total cost, 68.8 cents.

LABORATORY analysis commissioned by The Tribune would later show she had just served an excellent meal to 1,300 children in the school district. The lunch had exceeded a one-meal share of the recommended daily allowances in six of nine nutritional areas tested by the laboratory and was not far short in the other three.

Moreover, it was low in the amount of food left on the plates of the children, who consumed 78.1 per cent of the meal's food energy, compared with less than 30 per cent in one Chicago school.

Each child paid 50 cents for the lunch, no more than children in some schools who consumed only half as many nutrients.

Federal and state subsidies from the National School Lunch Program combined to keep the Mt. Prospect lunch budget just out of the red for the day, and the district hopes to break even this year.

"YOU GET a good program if you have the proper attitude of the parents and the administrators," said Russell Cross, assistant director of child nutrition for the Department of Agriculture.

"Some schools make it an important part of the day; others just rush through lunch and get it over with."

Dr. Jane Voichick, a University of Wisconsin nutritionist, agrees that the quality of school lunches is the responsibility of local schools.

"I think it's terrible when a school has done a poor job of preparing the food and uses the cost as an excuse," she said. "They can do a better job at the same price."

REVIEWING the meals surveyed by The Tribune, Dr. Voichick gave the highest marks to the sample meal and the overall menu prepared by the Chicago Catholic Archdiocese for appeal and variety.

It was a lunch of hot dogs, pork and beans, apple, and raisins served to 40,000 Catholic school children in Cook, Du Page, and Lake counties.

Having paid 45 cents for it, the children ate 81.1 per cent of the food energy in the meal, according to laboratory analysis, consuming more calories than from any other meal surveyed by The Tribune.

The meal had been prepared the night before in one of three central commissaries and packed into separate hot and cold trays; each child was given one of each.

THE CHILDREN are also given tours of the commissaries to show them how the food is prepared, said Pat Schiff, the head dietician for the schools.

"The tours have psychological advantages as well as educational," she said. "The sixth graders weren't real big on carrot salad, but when we showed them how we made 4,000 pounds of it for them to eat, they at least tried it the next time."

And they get to see that the teachers eat the same lunch, she said.

In many of the schools The Tribune visited, teachers brought brown-bag lunches from home to avoid the foods served to their pupils. The Catholic schools make a point of having their teachers eat the same meals served to the children.

William Gaines

Schools can lead the kids to food but can't make them eat

Tribune Photo by [illegible]

Workers preparing sweet potatoes in the Catholic Archdiocese commissary. The Catholic schools make a point of having their teachers eat the same things that are served to the children.

Continued from page one

the American Dietetic Association, said of the Tribune study. "But this is nothing. It doesn't matter how nutritious the meal was, it's not nutritious if it's not eaten."

The [illegible] [illegible] much of the blame for the waste on [illegible], [illegible] food and boring menus.

For example, every school day [illegible] pupils in Chicago elementary schools are given bagged lunches containing sandwiches prepared in a city commissary at [illegible] S. [illegible] Av.

The sandwiches are made with luncheon meat and accompanied by milk, fruit and another fruit or a gelatin side dish. The menu never varies throughout the year.

REPORTERS VISITED Harvard Elementary School, [illegible] S. Harvard Av., to observe a typical lunch hour. The children were given the luncheon meat sandwich, fruit cocktail with whipped topping, an orange, and a carton of milk.

Mrs. Naomi [illegible], principal of the school, looked on [illegible] as perfectly [illegible] meals went into the garbage. By the end of the lunch period, more than half of the food—nearly half the meat—had been discarded.

Mrs. [illegible] is opposed to the bagged lunches and the endless repetition of dry sandwiches; she would like to see a hot-lunch program installed in her school.

"Anything will beat those "[illegible]," she said of the sandwiches.

LABORATORY analysis showed that more than half the calories in the lunch ended up in the garbage can, a finding that distressed the expert who acted as consultant for the study.

"The child is the ultimate consumer and is telling us by throwing the food away that it's no good," said Dr. Jane Voichick, a nutritionist for the University of Wisconsin. "But no one is paying attention."

Dr. Voichick served as a volunteer consultant for The Tribune's study and helped to interpret the complex laboratory results.

Task Force reporters took lunches being served at Harvard and six other Chicago and suburban schools for chemical analysis at [illegible] Laboratories. At six of the schools the reporters also gathered representative samples of the children's leftovers to determine the amount of food wasted.

WHEN THE Harvard school's cold-sandwich meal was analyzed, the laboratory found that of the 21.1 grams of protein offered, only 11.2 grams had been consumed by the children.

Of the [illegible] calories offered in the meal, the children took in only [illegible]. And less than [illegible] per cent of the Vitamin A in the meal was actually consumed, the rest thrown away.

Many school administrators told reporters they thought much of the waste would be avoided if their schools could serve hot, well-prepared cafeteria meals. Laboratory analysis of such meals showed, however, that this is not always true.

REPORTERS VISITED Burbank Elementary School, [illegible] N. [illegible] Av., to sample a hot, cafeteria-style meal being served there. The meal was attractive and tasty: a hot-dog sandwich, a small cup of catsup, a [illegible] serving of mashed potatoes, a cup of [illegible], and a large serving of cole slaw.

Although [illegible] analysis found that pupils at Burbank ate more of what they were offered than those at Harvard, there was [illegible] a surprising amount of waste in the Burbank meal.

The Burbank children left on their plates [illegible] per cent of the meal's calories, 37 per cent of the protein, and more than [illegible] per cent of the Vitamin A, which was largely contained in the cole slaw.

THE VILLAIN behind the waste and nutrient [illegible] may be a federal regulation governing the lunch program.

Called the Type A Requirement, it was formulated by the United States Department of Agriculture, administrator of the program. The regulation dictates that all school lunches must contain a minimum of two ounces of meat or protein substitute; one-half pint of fluid milk; one slice of whole-grain, enriched bread or an equivalent; and a three-fourths cup serving of two or more fruits or vegetables or both—to be served whether the children want them or not.

The fact that many children won't eat fruit and vegetables is not news. But school food-service managers who have to throw away tons of fruit and vegetables every year are angry about the waste caused by the Type A Requirement.

"THEY WON'T eat it," Louise [illegible], lunchroom manager of the Burbank school, said of the cole slaw she was serving the day The Tribune visited. "I wish they'd let us serve the kids what they will eat."

"We see perfectly good vegetables going down the drain but the government says we have to serve them anyway," said Mrs. Mary [illegible], director of food services for Park Ridge District [illegible].

"Green vegetables are almost always rejected," said William J. [illegible], superintendent of Niles Township District [illegible]. "Most of the time fruits or vegetables get thrown away.

"We put them in separate cups so sometimes if they don't want them, they don't take them. I don't know if this would be condoned under the (federal) program, but I can't see wasting all that food."

IN MORTON GROVE District [illegible], Supt. Edward [illegible] said: "We have found that if we give them good food, they will eat it. They like carrot sticks and celery. Some kids are better eaters of fruit like apples and oranges. Plums are a lost cause."

Food managers surveyed said they have found corn and potatoes the most popular vegetables, especially when served so they can be picked up with the fingers—corn on the cob and french fries.

Robert J. [illegible], state school food director, is supposed to make sure Illinois schools adhere to the Type A Requirement. [illegible], however, questions whether the guideline accomplishes its purpose.

One of the problems, he said, is that the Department of Agriculture has never had a top administrator in the national program who has a background in institutional feeding. The written regulations are "good nutritionally on the books, but the answer is what they will eat, not what you write in a regulation," he said.

"YOU'VE GOT to have some sort of nutritional standards," said Robert W. Dean, an official in the Department of Agriculture's Midwest regional office. "I don't think anybody wants to do away with vegetables."

Dean said many Agriculture Department officials are hoping to see the law rewritten so that elementary-school children would be allowed to pass up vegetables in school lunches and avoid some of the waste. Congress has already changed the regulation for high-school students.

But the Department of Agriculture also asserts that waste in school lunches isn't that bad. It cites a study by the department in [illegible] schools nationwide showing about 15 per cent waste in school lunches, roughly the same amount wasted in the armed forces food services.

However, the 15 per cent waste found by the Department of Agriculture study is less than half the average shown in the Tribune study. In the category of fruits and vegetables, the department's study showed [illegible] per cent waste, but The Tribune found it much higher—[illegible] per cent waste of vegetables in one school.

"KIDS JUST won't eat vegetables," said [illegible] M. [illegible], director of the lunch program for Chicago Public Schools.

"The question is—do we educate a child to eat different foods or let him eat what he wants, whether it's good for him or not, to keep down the waste?"

Some school feeding experts believe that placing unwanted food on the trays has an educational benefit—that children eventually will begin to eat the food and accept it.

"Eating is a part of education," said Wanda Wagner, food-service director for Avoca School District 37 in Wilmette. "You don't absorb all your education in one sitting, either."

Tuesday: Does the National School Lunch Program deliver the nutrition it promises?

School lunch nutrients based on outdated U.S. handbook

Task Force report

Each school day, 25 million American children are served meals provided through the $4-billion National School Lunch Program. To find out how effective the program is, and to determine the quality of the meals it provides, The Tribune Task Force spent 10 weeks surveying and tasting school lunches. It also commissioned a chemical analysis of the subsidized meals. This is the last of a series of reports by William Gaines and Monroe Anderson, written by William Mullen.

WHEN A MOTHER prepares a breakfast of cereal for her child, a list and many of the nutrients is on the side of the box.

Even when she feeds the family cat, the cat food's nutritional value is labeled on the package.

But when her child gets a school lunch, which is supposed to be a model of nutrition, nobody knows exactly what nutrients the child has been given.

That is because school lunch cooks must rely on the government's "bible" on nutrition—Handbook 8, printed by the United States Department of Agriculture.

IT LISTS the common components of the American meal—breads, meats, fruits, vegetables, and dairy products, approximating the food value of each item.

The handbook is only a guide for cooks to calculate the nutritional worth of lunches they prepare, and nutritionists and school lunch officials have discovered that it is not a very effective guide.

In a 10-week study of school lunches in Chicago and the suburbs, the Tribune Task Force found meals lacking in proper nutrition are being served to tens of thousands of school children.

The Tribune used laboratory analysis to determine the nutritional quality of lunches served to 30,000 school children.

RESULTS OF the study compared with studies elsewhere in the U.S. that showed school foods do not always contain the nutrients listed in Handbook 8.

This was especially true of convenience meals — frozen TV dinner-style lunches—in which some items' vitamin content fell below half of what was claimed by the manufacturer.

The manufacturers base their nutritional claims on Handbook 8 guidelines and federal regulations that set out by weight the amount of food that must go into every government-subsidized meal.

When regulations call for two ounces of meat or meat substitute in each school meal, in theory the child should get the proper amount of protein from his lunch.

BUT THE FOOD industry has changed dramatically in the 30 years since Handbook 8 was written. More and more schools are using food products that are frozen, dehydrated, fortified, reconstituted or otherwise changed from their natural state.

What this means simply is that two ounces of meat or meat substitute do not always contain the protein cited in Handbook 8. Three-fourths of a cup of fruit or vegetables that regulations require for a school lunch serving, if altered by manufacturing, may not contain the proper amount of vitamins children should receive.

Many school lunch authorities want federal regulations governing school lunches to be revised and strengthened. They want a guaranteed nutritional standard for school lunches.

In the case of convenience frozen meals, they want manufacturers to be required to list the nutritional ingredients of each meal.

"I THINK any product that makes nutritional claims should be required to have accurate labeling," said Dr. Jean Voichick, University of Wisconsin nutritionist.

Writing new regulations to monitor the nutrition of school meals is just one of many reforms suggested to Task Force reporters while they studied the school lunch program.

Among the most glaring weaknesses of the national, $4-billion program was the tremendous amount of food wasted in lunchrooms. At least $600 million worth of food is thrown out by children who find it unappetizing.

Many experts believe the lunch program forces on children foods they don't like and will not eat.

"SLOPPING FOOD on the plate doesn't solve the problem," said Dr. Paul A. Lachance, director of the department of food science at Rutgers University.

"The food has to taste good, and it has to be eaten. School boards should not be buying the lowest bidder for a lunch program just because the food fulfills the requirements of the Department of Agriculture. That is not enough."

Dr. Voichick is concerned about the growing trend by school boards to contract their food services with commercial convenience food manufacturers. The Tribune study showed these meals to be among the most wasteful because of the children's reluctance to eat them.

"In an era of conservation, people should be aware of the waste and try to reduce it. People shouldn't be satisfied until quality meals are served that will be less in waste," Voichick said.

MANY EXPERTS consulted by The Tribune said better quality meals could be achieved best by returning to hot lunches prepared from scratch daily.

"Eventually, we would like to provide hot service to all the schools, and we are looking at a way to do it," said James Moffat, deputy superintendent of Chicago schools.

"The students are our customers," said Robert E. Olson of school food services in the Illinois Department of Education. "We must make operations attractive to them, get them in the lunchrooms."

Olson said the lunch program should be tied strongly with nutritional education, to show children the importance of a proper diet.

"THE UNITED States as a whole is nutritionally starved, and it goes back to education. You see, there's no nutritional education program in the schools, and you've got to tell people why they should eat vegetables," Olson said.

"Preschoolers and kindergartners should be taught nutrition, and the subject should continue along with reading, writing, and arithmetic."

One of the more controversial remedies suggested by some authorities is to provide a mandatory, universal free lunch to every child in every school in the country. They reason that it could be done because food bought for the program in such tremendous bulk would be cheaper, and it would be a final solution to giving every child the opportunity for one balanced meal a day.

As it is now, participation in the school lunch program is voluntary among the school districts. In Illinois, 1,300 schools have chosen not to have a lunch program and are bound by law only to provide a free lunch to children from poor families.

"WHAT WE need is universal free lunch," said Cole Jones, director of food services for Chicago public schools.

"Everybody gets free books; why shouldn't they get a free lunch? There is an enormous amount of waste in the paperwork that has to be done just to find out who qualifies for the free lunch."

Not everybody agrees that Jones' idea would be a solution.

"Universal free lunches in the school is not the answer because it would be difficult to monitor the quality," said Russell Circo, a Chicago regional official with the Department of Agriculture.

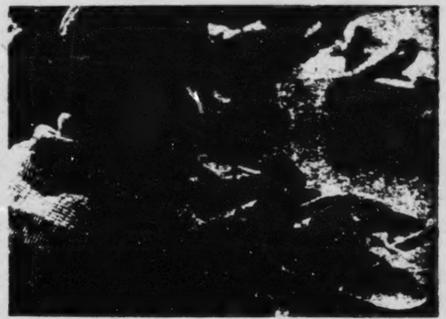
"There is also a stigma to the federal government forcing schools to accept a program they don't want."

MANY SCHOOL lunch administrators, including Circo, think the program would be much more effective if parents took a more active interest in what was being served to their children both in the schools and in their own homes.

"Kids come to schools with a definite set of values they have gotten from home. There are some foods they won't eat simply because their parents don't eat them," Circo said.

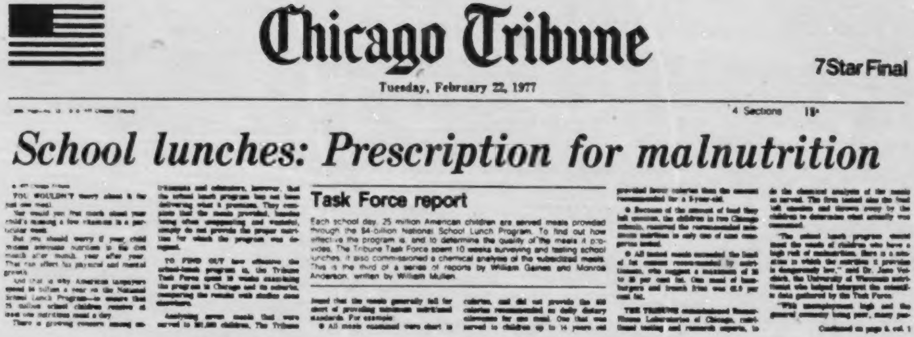
Dr. Voichick, the University of Wisconsin nutritionist who volunteered as a consultant to the Task Force study, offered these suggestions to strengthen local school lunch programs:

- Serving more varied menus, with at least 10 different meals in the cycle of lunches to avoid monotony.
- Using foods that have a proven acceptability with the children, occasionally introducing new foods as a test.
- Presenting food attractively in a lunchroom that has a comfortable and pleasant atmosphere.
- Giving the children some voice in the selection of foods they will be eating by allowing them to consult cooks and dietitians planning their menus.



Tribune Photo by [illegible]

A school lunch at Burbank School, 2035 N. Mobile Av. Protein values don't measure up to Handbook 8's rules.



Chicago Tribune

Tuesday, February 22, 1977

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School lunches: Prescription for malnutrition

Task Force report

Each school day, 25 million American children are served meals provided through the $4-billion National School Lunch Program. To find out how effective the program is, and to determine the quality of the meals it provides, The Tribune Task Force spent 10 weeks surveying and testing school lunches. It also commissioned a chemical analysis of the subsidized meals. This is the third of a series of reports by William Gaines and Monroe Anderson, written by William Mullen.

Continued on page 6, col. 1

From page one

School lunches: Rx for malnutrition

Continued from page one

"We are not spending as much for food as they might because they have big bills for fuel and other necessities that have to be met. So it is possible that we have more need of good nutrition in the schools now than ever before," she said.

THE NATIONAL School Lunch program was created to correct a problem found when draft officials in World War II estimated that they had to reject the equivalent of 10 army divisions. The rejects, it was learned, suffered from diseases linked to poor nutrition.

The government's response, after the war, was to require that children, especially those from poor families, get through the schools at least one meal a day with one-third of the daily recommended intake of nutrients.

"School food service is the single most important community health activity in the U.S.," says Dr. Paul A. Lachance, professor of food science at Rutgers University.

"For many children, the school lunch may be the only planned meal they eat. Studies have shown 40 per cent of the children have no breakfast or a very inadequate one."

IN HARVEY Elementary School District 147, 40 per cent of the children qualify for free school lunches because their family income is at or below the poverty level. Supt. John Sawyer is trying to find the best system to feed the 1,500 children who take part in the district's lunch program.

"Children have to be reasonably well-fed to learn," Sawyer said. "You can't teach a hungry child."

But chemical analysis of one of the meals served in the Harvey schools found the nutritional value there questionable.

The meal had been served on a Friday at Elmer G. Kick Elementary School. It was a frozen, TV dinner-type meal containing a hamburger, french fries, and corn, with a cookie and milk served on the side.

The lunches were prepackaged and sent from Morton Frozen Foods of Rye, N.Y., a division of International Telephone and Telegraph.

LAB ANALYSIS showed that as served, the meal was short of the recommended nutritional requirements for 10- to 12-year-olds in seven of the nine areas tested.

Moreover, the pupils observed eating the meal threw away 30 per cent of their food, with much of the corn left uneaten. The children thus consumed only 8.3 per cent of the Vitamin A and 16.1 per cent of the Vitamin C that they should have had for the day.

Still, the Harvey meal was more nutritious than a TV dinner-type meal served to Evanston school children.

The latter was the least-nutritious meal found in the Task Force survey. A spaghetti-and-meatball lunch, it was manufactured by Mass Feeding Co., a division of Jewel Food Co.

After accounting for food left uneaten by the children, laboratory analysis showed that the Evanston meal fell short of providing the minimum recommended amounts of nutrients for one meal in all nine nutritional areas tested. In five of the nine, the children had gotten less than half the nutrients recommended.

ALL THE MEALS analyzed by the Task Force fell short of the recommended amount of calories for one meal. The lowest again was Mass Feeding's spaghetti-and-meatball lunch, which provided only 11.5 per cent of the recommended number of calories after discounting the portions thrown away by the children.

"I am quite concerned about the calories," said Dr. Vorcheck. She explained that calories are important for body energy and growth in children.

"Even an overweight child should have 600 calories around lunchtime," she said. "If he doesn't, he is going to stuff himself on the first foods that are available after school, and it probably won't be nutritious food."

Dr. Vorcheck said she suspects the poor nutritional performance of school lunches is the result of cost-cutting efforts made possible under the federal program's own nutritional guidelines.

THESE REGULATIONS for what is called the Type A lunch, say it must contain the following:

Meat and meat alternatives — Two ounces of lean meat, poultry, or fish; or two ounces of cheese; or one egg; or one-half cup of cooked dry beans or dry peas; or four tablespoons of peanut butter; or an equivalent of any combination of these foods.

Vegetables and fruits—Three-fourths cup serving, consisting of two or more vegetables or fruits or both.

Bread—One slice of whole-grain or enriched bread, or a serving of other bread such as cornbread, biscuits, rolls, or muffins, made of whole-grain or enriched meal or flour.

Milk — One-half pint of fluid milk as a beverage.

THE GOAL of the Type A lunch is to furnish one-third the recommended daily dietary allowances [RDA] for children of various ages.

"The Type A lunch is like any short-cut scheme to evaluate the quality of something," Dr. Vorcheck said. "It's limited, so there are ways you can get around it and not meet the intent of the program."

Robert Cherry, director of the food program for the Catholic Archdiocese of Chicago, cites an example a wieners-and-beans lunch he serves, one in which he could easily—and legally—cut corners.

"We could have had a one-ounce wiener instead of the two-ounce one we give them," Cherry said, "and claim the entire protein from the beans—but we didn't.

"You can put out a very limited menu and still meet the Type A requirement. We have to just barely meet the requirement."

MUCH OF THE problem of nutritionally poor meals, however, lies in the fact that many of the meals are designed for just that—to barely meet the requirements.

The meals must meet the Type A requirements in quantity, but RDA nutritional guidelines are only suggested by the government.

Spokesmen for Mass Feeding Corp. and Morton Frozen Foods, the two national suppliers of frozen school lunches, both said their firms try to meet the RDA nutritional guidelines. But both also noted that they are not bound by law to meet them.

"We provide a Type A lunch. If they want us to provide the RDA, then they are going to have to say that," said Robert Keane of Morton Foods.

"WE HAVE to be competitive. We would be glad to go by whatever standards they [the federal government] set."

Mass Feeding Corp., when shown the results of The Tribune analysis, ordered their own tests of the meals by the same laboratory. Unlike the Task Force test, which took reheated lunches from the schools, the meals tested for Mass Feeding were taken directly from the factory.

Thomas Harwood, president of the corporation, said his company's tests showed that Mass Feeding met all nutritional claims included in their "Fact Sheet" which is sent to the schools.

Frozen meals from both Morton and Mass Feeding were among the lowest in nutrients and highest in waste in the Task Force survey.

BUT THEY weren't alone. A lunch consisting of a salami sandwich, apple, and pastry and sold to 16 south-suburban elementary districts by Landshire Sandwiches of Chicago, Inc., provided only 8.4 per cent of the Vitamin A requirement and met the RDA in only protein, riboflavin, and Vitamin C.

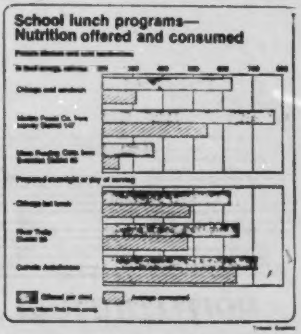
Suburban school administrators interviewed found the Landshire sandwiches, like the frozen meals, a convenient way to meet the state requirement that a lunch be provided all needy children.

Too often, nutritionists fear, school lunch planners opt for such convenience meals or nonperishable food items that are easily stored and served.

"Foods lose a lot of their nutritive value because of the way they are processed and stored," said Ronald Pollak, director of the Food Research and Action Center. The agency is a nonprofit, public-interest law firm in Washington, D.C., that has fought for better school lunches.

POLLAK SAID school officials often think food items they are buying have sufficient nutritive value when much of it has already been lost through processing and shipping.

"Things like 'quicky' potatoes that are reconstituted are counted as regular potatoes when they calculate the nutritional value," he said. "Vegetables are more nutritive when consumed raw, and there is substantial likelihood that they lose their value during shipment and processing."



Tribune Graphic

Dr. Robert Dean, nutritionist for the U.S. Department of Agriculture, said school cooks may also select foods they know children won't eat but have plenty of nutrients to meet the guidelines.

"They can meet the Type A lunch requirements with a lot of starchy vegetables and usually come pretty close to one-third the daily requirements," he said.

NUTRITIONISTS also are concerned about the fat content of the school lunches. They generally recommend a maximum of 35 per cent fat in any meal. Of the meals surveyed by The Tribune, the lowest fat content found was 28.4 per cent, the highest 42.9 per cent.

"The consumption of a diet deriving 40 per cent of its calories from fat may result in a continual struggle to control weight," the U.S. Senate Select Committee on Nutrition and Human Needs said after completing a study in January.

"Americans eat too much fat in their diets," said Dr. Vorcheck. "The school lunch program should be the ideal of nutrition."

Wednesday: Is it possible to provide a nutritious, well-received school lunch?

Exhibit #3

STATEMENT

William J. Hartenstein
Coordinator of Food Services,
North Penn School District

President, Pennsylvania
School Food Service Association

Lansdale, Pennsylvania
19446

Wednesday, June 30, 1976

Mr. Chairman and members of the Committee:

My name is William Hartenstein and I am employed as the Coordinator of Food Services for the North Penn School District which is located in Lansdale, Pennsylvania. I am also president of the Pennsylvania School Food Service Association, a 3,000 member affiliate of the American School Food Service Association.

I appear here today at the request of the sub-committee, having been recommended by Congressman Goodling of Pennsylvania.

It is my understanding that the purpose of this oversight hearing is to solicit input regarding implementation of legislation passed affecting the national school lunch program and associated concerns.

Mrs. Beatie Clay of your staff indicated to me that my comments should focus on the following:

A. Plate waste and its contributing factors

B. Ramifications of "offer vs. served" in high school lunch programs

C. Affect of price increases of type A lunches on participation levels

D. Bloc Grants

E. Competetive food services

F. Commodity delivery systems

Plate Waste

In February 1975 during sub-committee hearings regarding child nutrition programs, Congressman Goodling voiced concern over the subject of plate waste in lunch programs. This subject soon became one of the key elements in the piece of legislation then under discussion. While I fully sympathized with the Congressman's concern; I as many of my colleagues, could not offer a solution which could be applied uniformly. I did not feel then, as now, that it is possible to legislate what someone will or will not eat. There are far too many variables involved.

Think for a moment, if you will, of the many restaurants and banquets at which you have eaten. Did you eat everything that was served to you?

Now think of school children, who for the most part are expected to consume the full contents of a type A lunch in 10 to 15 minutes, an almost impossible task when you consider that in most schools lunch does not exceed 30 minutes. Considering the time it takes to get to the cafeteria, wait in line, find a place to sit, converse with friends and finally eat, there is little possibility that all elements of the lunch will be eaten. This is doubly compounded if you are only seven years old and in the second grade. Those of us with young children, know that the appetite of a small child does not meet the challenge of the full type A pattern.

Offer vs. Served

As to children at the high school level, it is my opinion that a type A lunch, properly prepared and appetizingly merchandised, will be fully consumed, if not inhaled, with the student returning for the second lunch.

I do not view the offer vs. served concept as any threat what-so-ever at North Penn because I do not regularly include on the menus those items which historically have carried negative connotations. (Example: creamed spinach, cauliflower, casserole items). Why? Because students are not looking for a heavy carbohydrate-filled meal at lunch time. Furthermore, such items do not hold up well on a steam table for any period of time. Yet, many school lunch directors persist in placing such items on their menus on a day to day basis because they feel good nutrition warrants it. If the offer vs. served concept forces such outdated convictions into oblivion, then so be it.

It should be noted that offer vs. served has yet to be officially implemented in Pennsylvania. I was informed by the state office of Food and Nutrition Services that USDA has yet to send the regulations for implementation.

Finally on this subject, it bothers me that congress has taken upon itself a precedent-setting piece of legislation in that Child Nutrition is the only federally funded program I know of that specifically legislates waste control. There are numerous multi-billion dollar programs that have constantly generated cost overruns yet were not penalized for want of a better word.

Price Increases

It is an economically proven fact that as prices increase, purchases decrease, and so it is with school lunches, oil or any commodity for that matter. Some may argue that each increase in the guidelines for free and reduced price lunches tends to pick up the families who are annually priced out of the school lunch market. However, this needs to be measured against an agressive economic society that annually tends to financially upgrade its members keeping middle class Americans little more than even with inflation.

Each year, more and more school districts are seeing the value of a sound nutrition program for their children and are opening lunch facilities. Since 1947, nationwide participation in the type A program has risen from 6,596,633 to 25.4 million meals per day, an increase of from 24.8% of available participants to 49.8%. I keep wondering if this ever increasing figure is not in vain.

Bloc Grant

As a middle class taxpayer, it bothers me that the national school lunch program, with each increase in eligibility guidelines, sinks further and further into a purely welfare function. If the program were to become a purely welfare orientated effort, as it would under the Bloc Grant concept, the taxpayer who annually finds himself only one or two steps beyond the poverty level would probably revolt as a result of forced increases in lunch prices to his child. School districts would have no alternative but to abandon lunch programs which I believe have proven educationally sound. We have all heard the saying "You can't teach a hungry child."

If each of us feels that nutrition programs in public schools are important to the welfare of our country, then we need to make a firm and lasting commitment to their financial well-being. To this end, the Pennsylvania School Food Service Association has adopted the following position:

> A dynamic nutrition education program that begins in early childhood and continues through the elementary and secondary schools can help young children to acquire positive attitudes toward food. Such a program can help older children assume responsibility for their own food selection and prepare them for adult and parental responsibility. As citizens in a democracy, it is imperative that children develop good nutritional practices along with a sense of social consciousness to enable them to participate intelligently in our society.
>
> It is, therefore, the opinion of the Pennsylvania School Food Service Association that nutritionally sound meals and associated nutrition education programs should be co-partners in the educational system of our State.

Finally, were Bloc Grants to be implemented with funds being channeled through the Pennsylvania Department of Education, it is my opinion that Philadelphia and Pittsburgh, the state's largest poverty areas, would receive by far the majority of funds leaving little for small districts such as mine which has only 600 students out of 10,500 participating in free and reduced price programs.

Competitive Food Services

Never in the history of Child Nutrition Programs have participating school districts and their respective lunch directors been challenged to justify every aspect of their food operation as they have since profit orientated contract food companies won the right to bid on administering a district's lunch program.

In this age of taxpayer associations and their almost militant demands for accountability, it becomes less and less possible to financially support lunch programs. There are, of course, as many incompetent school lunch directors as there are incompetent doctors, lawyers, etc. But realistically, there are also many lunch directors who know that they are administering money losing operations, who are forced to do so by their school boards.

Political patronage has become a way of modern life. However, a school board that is guilty of this practice can easily cut budgets, when forced to do so, by hiring an outside, unrelated company to do the dirty work for them. In most cases, the contractor becomes the employer who then pares staff to realistic levels while abolishing all of the benefits a long term district employee may have accumulated. Can this be fairly termed competitive food systems? Legislate that contractors retain benefits acquired by employees and I guarantee you would see few competitive food services operating in public schools.

This is not to say that there isn't a need for profit oriented competitive food services. My point is that a well managed, nonprofit, district controlled program can far better provide for the needs of its children.

Commodity Delivery Systems

The commodity program as administered by USDA in my opinion has grown into the most unresponsive and falsely justified program ever conceived. Born at a time when food was rotting because of over abundance, the program may have been justifiable. Today, to rationalize its existence is a mockery to the world's starving.

I am realistic enough to admit that my own program could ill afford to purchase the $125,000.00 plus commodities it received during the 1975-76 school year. But I would, as a firm believer in free enterprise, be far better off purchasing the commodities I need, not prunes and peanuts, with $125,000.00 cash in lieu of commodities plus the additional monies which would be available if USDA's commodity purchasing bureaucracy were abandoned.

In conclusion, may I say that I appreciate this opportunity to share with the sub-committee the views of many Pennsylvanians involved in child nutrition programs in addition to some personal convictions.

Exhibit #4

COMMODITIES
(Not exactly Manna)

As one of my associates so aptly put it, you have to "experience" commodities to fully appreciate the frustrations connected with them.

There are 3 major problem areas connected with receiving foods from the U.S.D.A. These are (1) the foods, (2) the distribution of these foods, and (3) the problems of being the consignee.

THE FOODS:

Marion Cronan, who many consider to be an expert in the school lunch field, in her book "The School Lunch", states, "Through the menu, the manager controls the lunch program. Acceptability by the students will determine their participation and participation directly affects profit or loss. If the menu does not appeal to, nor consider all the needs of, the age group, it will not be successful." If Ms. Cronan's criteria is used, menu planning with the use of commodities is difficult because:

1. It is not known WHEN the foods will arrive. Menus have to be planned at least 2 weeks in advance and food is purchased for these menus. When commodities do arrive, there is an overload of food in the storerooms.
2. It is not known what QUANTITIES will arrive. Menus cannot be planned with these unknown factors. Basic menu planning techniques require the menu to be planned before the food is secured.
3. In some instances it is not known WHAT foods to expect. Again, it is pointed out that foods have already been purchased for a planned menu when a shipment arrives of which there is no prior knowledge. And, some foods received are not first on the acceptability list - cranberry sauce, sweet potatoes prunes, cheddar cheese.

STORAGE of these foods becomes a problem:

1. Dry foods - the volumes received cause over crowding of storerooms which are already too small. Again it must be pointed out that foods have already been purchased and are in the storeroom. Commodities arrive and the overcrowding situation develops. The Health Department continually "writes us up" for improperly storing foods. Wheat and other grain products when stored for too great a length of time will get weevils in them, with loss occurring. It is best to purchase these items as needed to insure a fresh product. If the items have been purchased and do develop weevils, the vendor can be held responsible.

2. Frozen food storage- these foods present the same problems as dry foods, except that the storage space is more limited. Consider again that foods have already been purchased for the planned menu and are in the freezer. Frozen commodity foods arrive, not only in large volumes but too frequently to make good use of them. This year, serving sizes were increased and foods repeated to the point of PLATE WASTE in an effort to make room for the next shipment.

   To further point this up:

   On March 4 - 291 cases frozen french fries (not anticipated) were rec.
   On March 11- 102 cases fro. ground beef
   On March 11- 292 cs. french fries (in 1 weeks time=583 cs. fr. fries)

   To give a base for understanding, a school which serves 300 will receive 5% of the total shipment. So, we have 15 cs. of french fries, 5 cs. grd. beef plus 15 more cs. french fries in one week for the above mentioned school. At this point, it would be well to point out that a defective freezer could be financially disastrous!

   Too much food of any kind, dry and frozen, is a real temptation to theft!!!

THE DISTRIBUTION OF THESE FOODS:

This is a local financial expense. The labor, the vehicles and their up keep and frozen food lockers and their utilities. This is tax dollars spent on top of tax dollars. Can the Government really buy it cheaper when consideration is given to the local expense to receive these foods????

In many instances, the school maintenance department delivers the foods to the schools. Time away from maintenance duties is costly. If maintenence people are not used, then extra labor is hired -- either retired people, people with limited abilities, or people who are in the hauling business.

In the case of Hopkins County Schools (Madisonville, Ky.), there are 20 schools - 110 miles round trip. It is impossible to deliver one food item in one day. Therefore, ½ a shipment of frozen foods have to be stored properly over night- resulting in double handling. Sometimes delivery to schools is interrupted by arrival of more commodities.When foods have to be stored in a frozen food locker for a time, clerical time is required to maintain proper records on deliveries.

PROBLEMS OF BEING CONSIGNEE:

U.S.D.A. foods are shipped in by rail cars (and sometimes trucks). There are 13 unloading points in Ky. 8 to 11 counties travel to their unloading point, some 50 miles one way. Each of these 13 unloading points has a consignee for each car or [illegible]...

The consignee is responsible(financially) for seeing that the car (or truck) is unloaded properly and for all the necessary paper work.

When a car is "spotted" by the railroad, the consignee is responsible for calling (collect) each of the counties in the distribution area to pick up their share of the contents of a car.

(Hopkins County received 45 cars this year. One secretary spent a minimum of ½ hour per car in making these calls. 45 cars x ½ hr. = 22½ hrs. or 3 solid days on the phone - at consignee expense!!)

The consignee is responsible for supervising the unloading of rail cars (or trucks), securing signatures for receipt of foods, security of the rail car, cleaning car if it is emptied at this destination, and releasing the car back to the railroad agent.

Railroads allow 24 hours for unloading after notifying the consignee of the car being spotted. After that period, demurrage and detention charges begin. Through rain, sleet, snow, 10 below temperatures, commodities must be dispensed!!!

When 2 or 3 cars are "spotted" at one time, the consignee's problems double and triple. Each car has to be supervised as stated above. Also, the consignee's own food has to be taken off the car and delivered (or stored which results in double handling.)

In cases of damaged goods or shortages, the consignee most often takes the loss.

Further expense to consignee occurs -

1. If counties fail to arrive during the specified unloading time resulting in extra hours of supervision.
2. If schools are closed for vacations or bad weather. Notification calls are difficult to complete - requiring more time.
3. If there is damages and/or shortages. Extra clerical time is required to complete further paper work.

If this much time and paper work and effort is required on the local level to distribute the U.S.D.A. donated foods, it causes one to ponder the enormity of time and paper work on the State and National level!!!!

CAN THE U.S.D.A. PURCHASE FOODS CHEAPER THAN WE CAN??? NO!!!

Submitted by:

Frances J. Spain, R.D. Frances Spain R.D.
Food Service Director
Hopkins County Schools, Madisonville, Kentucky

COMMODITIES PURCHASED FOR SCHOOLS FY 1976
As of January 23, 1976

Commodity	Delivered Unit Cost	per	case
Apricots, canned	$ 10.909	per	case
Applesauce, canned	6.987	"	"
Cranberry Sauce, canned	8.808	"	"
Peaches, canned	8.903	"	"
Pears, canned	9.527	"	"
Prunes, pitted dry	.3556	"	lb.
Beans, dry	.2965	"	"
Corn, canned	8.50	"	cs.
Green Beans, canned	5.377	"	"
Peas, canned	7.861	"	"
Sweet Potatoes, canned (syrup & dehydrated)	9.688	"	"
Tomatoes, canned	8.318	"	"
Tomato Paste, canned	12.91		
Potatoes, frozen french fries	.2293	"	lb.
Corn, frozen	.2417	"	"
Peas, frozen	.2183	"	"
Green Beans, frozen	.2177	"	"
Beef, canned with natural juices	.8613	"	"
Poultry, canned boned	.8069	"	"
Beef, frozen ground	.7385	"	"
Beef Patties, frozen ground	.7913	"	"
Chicken, frozen cut up	.5304	"	"
Turkey, frozen	.5762	"	"
Butter, print	.7470	"	"
Cheese, process	.8725	"	"
Cheese, bulk cheddar	.7896	"	"
Milk, nonfat dry	.5785	"	"
Peanut Butter	.4599	"	"
Peanut Oil, refined	.7466	"	"
Shortening, peanut oil	.7466	"	"
Margarine, peanut oil	.7466	"	"
Flour, all purpose and Bakers hard wheat	.0970	"	"

COST PER POUND--FY 1976*

FOODS AVAILABLE FOR CHILD NUTRITION PROGRAMS

Food Food	Cost	Food	Cost
		SECTION 6	
Beans, Dry	$ .3723	Peas, Canned	$ .1965
Beef, Frozen Ground	.7452	Peas, Frozen	.2183
Beef, Frozen Patties	.8028	Potatoes, Frozen	
Chicken, Frozen	.5208	French Fries	.2293
Orange Juice, Cod (P.R.)	.1566	Potatoes, Sweet, Dehy.	.6171
Orange Juice, Frozen	.3879	Potatoes, Sweet, Syrup	.2449
		SECTION 32	
Applesauce, Canned	$ .1725	Cranberry Sauce	$ .1993
Apricots, Canned	.2694	Peaches, Canned	.2225
Beans, Dry	.2681	Peanut Butter	.4601
Beans, Green, Canned	.1404	Pears, Canned	.2385
Beans, Green, Frozen	.2178	Poultry, Canned Boned	.8351
Beef, Frozen Ground	.7394	Prunes, Dry	.3556
Beef, Frozen Patties	.7851	Raisins	.2904
Beef, w/NJ, Canned	.8644	Tomato Paste, Canned	.3103
Corn, Canned	.2123	Tomatoes, Canned	.2175
Corn, Frozen	.2312	Turkey, Frozen	.5763
		SECTION 416	
Butter	$ .8743	Milk, Bulk, NFD	$ .6707
Cheese, Bulk	.8217	Milk, Instant, NFD	.7637
Cheese, Process	.9128	Peanut Granules	.6793
Flour	.0970	Peanut Oil	.4870
Margarine, Peanut Oil	.4670	Peanuts, Whole Roasted	.6734
		Shortening, Peanut Oil	.4989

*As of March 1976

UNLOADING SITES AND COUNTIES RECEIVING FOOD AT EACH SITE

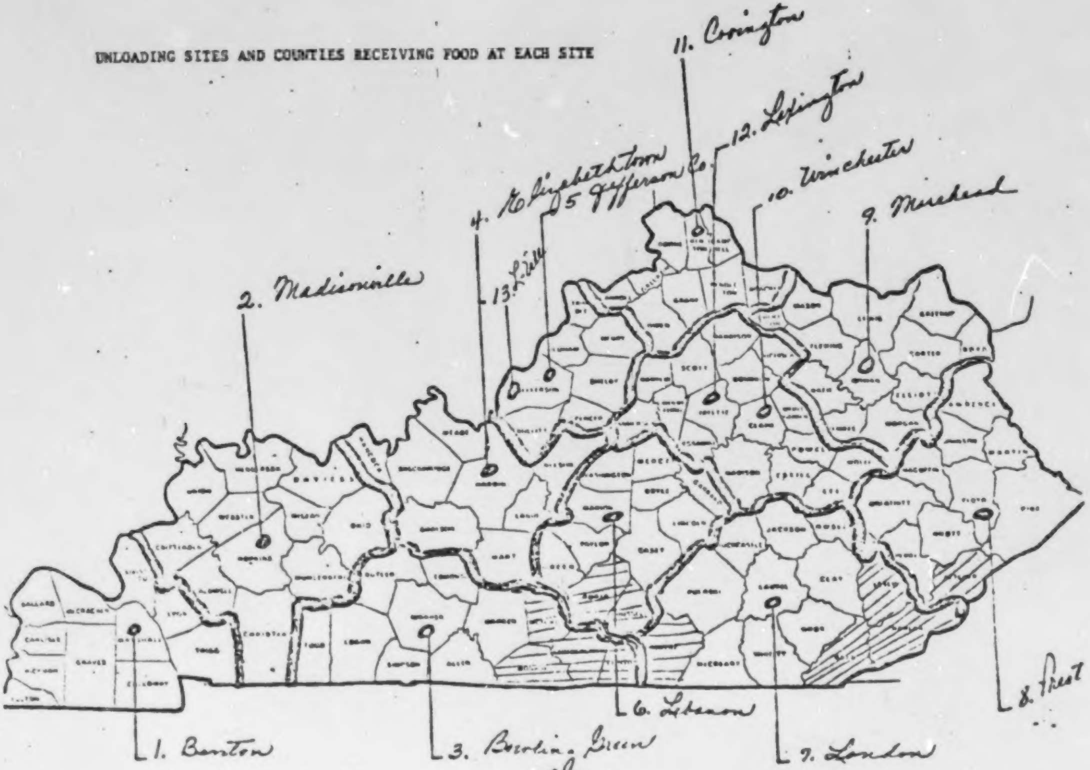

11. Covington
12. Lexington
4. Elizabethtown
5 Jefferson Co.
10. Winchester
9. Morehead
13. L'ville
2. Madisonville
8. Prest
6. Lebanon
1. Benton
3. Bowling Green
7. London

Exhibit # 5

ASSOCIATION OF INSTITUTIONAL DISTRIBUTORS
November 8, 1976
Washington, D.C.

FRANCES E. McCLONE, R.D., Director
Food Services & Nutrition Education
Oakland Unified School District
Oakland, California

CASH GRANTS OR COMMODITY DISTRIBUTION?

Good afternoon. It is my pleasure to be here with you today. Washington, D.C. is a very important city in my life--in fact, my life began here. I have always loved this city and been fascinated by the history and politics surrounding it. I was here the week that President Nixon resigned and it is exciting to be here now as we are getting ready to begin a new Presidential Administration.

I am here today to discuss the commodity program in schools with you. To give you a little background, I represent a large school district from an urban area--one of the 50 largest districts in the nation in enrollment and the 6th highest in percentage of minority students. I am responsible for breakfast and lunch programs, preschool and child care centers, cyesis and infant care centers, parochial schools and summer feeding programs. I have 147 lunch programs, 100 breakfast programs and 112 summer feeding programs. All of this adds up to a total of over 9 million meals served in the Oakland Public Schools last year and a large amount of surplus commodities. My program received the equivalent of over $400,000 in donated commodities last year.

School foodservice is a large segment of the food service industry. Across the nation, 4½ billion lunches were served last year--25 million children eat lunch and 2 million children eat breakfast in school cafeterias every day. Last year 2½ billion dollars were spent in food purchases with 1.8 billion dollars spent locally.

According to the United States Department of Agriculture, approximately 495 million dollars in commodities or cash in lieu were provided to schools last year. Federal legislation provides 11-3/4¢ per meal in commodity support and 75% of this amount must be spent on food. The balance can either be in food or cash. This level of support is established by federal legislation and is effective until September, 1977 when Congress must decide whether to continue this support.

Commodity purchases are supposedly made to remove temporary surpluses of perishable commodities from the market; to help stabilize prices to farmers; to find useful outlets for surplus commodities that might otherwise be wasted and to widen the market for farm products by encouraging domestic consumption. However, you and I both know that the USDA is not really in the surplus business, but goes out on the open market to purchase.

Let's talk about the commodity program. I can state without equivocation that the commodity program is alive, but let's look at the state of health of the program. Is it well?

In order to make a judgment on this, we need to be aware of the political impact of the school foodservice program as it relates to the question of cash versus commodities. The American School Food Service Association feels strongly that without commodities, the school foodservice program would lose Congressional support since most of the support for the program comes from the Agriculture Committee. Loss of this support would result in the transfer of the program from USDA to HEW and no one believes this would benefit the program or its future growth. Therefore, many people say that the inconvenience of the commodity program is necessary to keep political support which funds the program.

Many small school districts like and want to keep the commodity program. Most major city directors feel the cash would help them operate their programs more efficiently. I believe there should be an option for a school district to select whether they want cash or commodities, but perhaps the handwriting is on the wall about the way the large cities representing the largest numbers of meals would go. It is interesting to note that Child Care Food Program Sponsors last year were given the option of receiving either commodities or cash and all but nine states chose cash rather than commodities. A number of state aging officials in the Title VII elderly feeding programs have stated that they want the option of receiving cash in lieu of commodities.

There is a strong case for cash because there is a great deal of concern regarding government spending and the efficiencies, or lack thereof, of the system. I know that I can purchase more economically with my local distributors and purchase only the foods that I want.

Let's look into the cost of the program in relation to goods received as I share one experience with you. Let me walk you through the procedure of a commodity purchase for chicken and the end result--chicken on the child's plate for lunch.

1. USDA advertises a bid to purchase.
2. USDA receives bids.
3. USDA awards a contract and makes a purchase.
4. USDA sends notices to state agencies and distribution centers.

   The costs involved to this point other than the cost of commodities purchased are:

   A. Personnel to make decisions on purchases--what, when, and how much?
   B. Cost of printing notices and postage.
5. State agencies to figure factors and allocations.
6. State agencies to send offering notices to school districts.
7. School districts to calculate number of students, number of meals served,

> amount of commodities on hand and amount to order. The school district also agrees to be responsible for the commodities to be kept in optimum condition and must pay a handling and storage charge to the state agency. Remember, nothing is free!

At this point, the struggle begins if you accept everything on the offering. How do you get the children to eat some of the foods? I have learned by experience that it is more efficient for my program to say "No, thank you", than to struggle to use dried beans, bulgur and dried milk.

I have a demanding student population to satisfy. Their satisfaction is of the utmost concern to me. They are my customers and I do not want complaints from them, but I do not want silent students who don't complain but quietly throw away large amounts of food. I want my students to eat and enjoy their meals. I want them to benefit from the nutrients provided in the good food that is served in the cafeterias. My decisions on food purchases are based on this criteria in addition to my knowledge of food quality and nutritive values.

When I receive an offering of commodity foods from the state surplus agency it is decision making time. When chicken is offered as a commodity, then I look at the facts:

1. I can't afford to refuse to accept it.
2. It takes 10,000 lbs. of chicken to serve lunch one day in Oakland.
3. Chicken is dangerous to handle in less than ideal conditions. It must be thawed properly, not left at room temperature, must be thoroughly cooked, and then either served immediately or refrigerated. I worry a lot about food safety and safe handling practices and am proud to say that during my four years as Director of Food Service there has not been a single case of food poisoning.

Now, after this process of analyzing the situation, my decision is obvious--I must enter into a processing contract.

1. Advertise bids.
2. Bids are received and opened.
3. Bids are awarded. All this has cost the school district in personnel, paper and postage.
4. Processing agreement between school district and processor must be approved by Oakland Board of Education and State Surplus Agency.
5. I place an order with processor and chicken is picked up at my storage location.
6. Processor sends chicken to his processing plant.

   Last year, I believe most of the chicken originally purchased by USDA came from the Southeast. After the chicken was sent to California, it was returned to Arkansas for processing and then returned to me in California in a ready to serve form--breaded and precooked. It would appear that we are trying to make the freight companies rich.
8. After receiving the processed chicken, I still have to arrange for and pay for delivery to individual school sites--usually through a local distributor.

Let's analyze the cost to the taxpayer for one pound of commodity chicken served to children in the Oakland schools. Last year, USDA bought 49,824,000 lbs. of cut up chicken at a cost of $25,875,000 or an average of .5193 cents per pound. Since July 8 of this year, USDA has purchased 2,736,000 lbs. of frozen cut up chicken at an average cost of .5377 cents per lb.

USDA Cost	$.5193
School District Cost	
Surplus Agency	.07
Storage	.0354
Processing	.40
Delivery	.0437
TOTAL	$1.0684 per lb.

These figures do not include any of the overhead costs to USDA, state agencies or the Oakland Unified School District.

Chicken is a very popular entree in the Oakland schools--the children enjoy it and eat it. I purchase chicken often from my distributor as part of my frozen food contract. It is easy--all I do is order as needed and it is delivered to each individual school location at a cost of 95¢ per pound. Chicken is in plentiful supply now. USDA forecasted October marketings up 10% compared to a year ago, so my cost from a distributor will probably be lower on my next bid.

Now I don't want to be totally negative about the commodity program, but surely with all the brains available and the interest in the program, we can come up with a better system--and one that does not eliminate the distributor. Many times, I feel we are not fair to our distributors. You are in business to get a fair return on your investment. Part of this fair return on a school district contract is predicated on the volume stated on the bid. I may, in all honesty and with the best of intentions, state on my bid that I will purchase 1500 cases of tomatoes, then tomatoes are offered as a commodity item. When I accept this offering, I do not buy from my distributor.

We need to work together with some positive approaches to the system to improve it. We in school foodservice need more industry participation in our programs--both with commodities and without commodities. Increased labor costs encourage the purchase of more convenience foods. Processing commodities is an extension of this premise that convenience foods are one answer to the problem of labor costs which continue to escalate.

Distributors can participate by entering into contracts for processing of commodities. If processing and distribution of the commodities were given to the distributor directly from the USDA through the distributor to the school district, then you would not be left out of the system. Neither would the manufacturer, because you would deal directly with the manufacturer in the processing of the commodities. The final result would be a smoother distribution system of commodities at a lower cost to the taxpayer and without a loss of business to you. Surely this would increase the efficiency of the program and result in a savings of federal funds. Why not have meetings with USDA representatives from the commodity programs and distributors to work out a cooperative system of processing and distribution on a national basis? Have you given any thought to supporting legislation which would include this system?

Another feasible system could be to authorize a cash rebate to school districts for purchases of specific products, to be purchased in a specified period of time. For example, if USDA wants more tomatoes purchased, then the school district could be encouraged to increase its purchases of tomatoes with the incentive of a cash rebate from USDA. The amount allowed, of course, would be based on meal participation. Distributors can always help move more product by giving more end user ideas to increase the consumption of these items in schools.

It is easy to nonchalantly say, "Well, let's forget the commodities" and not take them, but that is not the solution. It is easy to say, "I want the cash only", and plant your feet in cement, but that is not the solution. The likelihood of that happening is remote, so we need to work together to do some positive things to make the program work better for everybody--better for the schools by receiving commodities in a more acceptable usable form and better for the distributor by making him a vital part of the system from purchasing to processing to delivery.

Now, given all of the above choices, I still have to state that I prefer cash. I believe the present system is inefficient and doesn't address itself to the needs of the programs. However, we need to remember that if it takes commodities to keep the political support for the program, then we must realize that it is better to improve our methods of dealing with commodities than to lose the program in a political battle. The children would be losers, by losing the opportunity of receiving nutritious meals at school--but, you would be losers, too, by losing a large volume of business. Remember that last year 1.8 billion dollars were spent locally in food purchases.

The potential growth in the school foodservice program is tremendous. You will recall that I told you that 25 million children eat lunch and 2 million children eat breakfast at school every day. Well, what I didn't tell you was that there are 50 million children in our schools, so imagine the impact on your business if the program were expanded to include an additional 25 million children eating lunch and 48 million children eating breakfast at school every day.

When I began, I stated that the commodity program is alive, but I'm not sure if it is well. What do you think when it costs $1.07 to put a pound of commodity chicken on the lunch menu in the Oakland schools and I can buy chicken from my distributor for 95c per pound?

I would like to close by sharing this cartoon with you. It describes my feelings about the commodity program. Sometimes I don't know whether to like it or not. Thank you for your attention.

EXHIBIT #6

Panel Presentation on "Cash Grants or Commodity Distribution?"
A.I.D. Annual Meeting, Washington, D.C., November 8, 1976

By: Ione H. George, Specialist
School Food Services, Kansas State Department of Education
Topeka, Kansas

Mr. Ellis, associates on the panel, and friends:

When I was first asked to participate on this panel and began thinking about what to say, I realized again that the cash program functions so well, so efficiently, so economically, that we take it for granted because it requires so little attention.

Public Law 94-105, which became law October 7, 1975, made the cash in lieu of commodities a sure thing for Kansas and virtually eliminated the possibility for any other state to have cash by adding Section 16 to the National School Lunch Act, which said:

> "Notwithstanding any other provision of law, where a State phased out its commodity distribution facilities prior to June 30, 1974, such State may, for purposes of the programs authorized by this Act and the Child Nutrition Act of 1966, elect to receive cash payments in lieu of donated foods."

The first year of the cash in lieu of commodities, the authority came through a conference report, and legal interpretations. Public Law 94-105 made it definite.

I had tried in the beginning to interest other state directors to cooperate in the efforts to secure the necessary legislation for cash. But they feared the unknown and didn't want to rock the boat. I had no boat to rock! Kansas was without a commodity distribution system!

Incidentally, accomplishing this effort to get cash in lieu of commodities convinced me beyond all doubt that we have a form of government "of the people, by the people, and for the people."

I am not bragging but just stating facts when I say that this was achieved singlehandedly through Senator Dole. Unfortunately there was more opposition than support from ASFSA. The Kansas Commissioner of Education had endorsed my position of working for cash in lieu of commodities, but he underestimated my determination when he said we would have to play both ends against the middle and be ready to implement a distribution system should Senator Dole not be able to sway Congress.

In August of 1974, here in Washington at the ASFSA National Convention, Mr. Hekman told me to go on back to Topeka and deliver commodities. Remember, it was Mr. Hekman himself who had announced to the State Directors of Commodity Distribution in Chicago in December of 1973 that it was the intent of the USDA to go to a cash system. To make a long story short, we were notified in October of 1974 that we would receive cash and the schools received their first checks in lieu of commodities in November of 1974.

The cash program is highly successful and wholeheartedly accepted by all involved. We became very complacent in Kansas. Kansas had what was best for Kansas. We bragged almost as much as a Texan would, but we had not kept agitating for cash for any other state--"To each his own."

But at a recent meeting of the ASBO held in Boston, the president of the Kansas School Food Service Association got the message that there is an undercurrent among the bureaucrats who recognize that the success of our program is a threat to their domain. They have spread the falsehood that Kansas is dissatisfied with the cash program and would like to go back to the commodity program.

Let me set the record straight that no one, from the governor to the school lunch manager, wants to go backwards and be saddled with a commodity distribution program again in Kansas.

The Executive Board of the Kansas School Food Service Association and the House of Delegates of that organization, meeting in convention in Wichita on October 23, adopted the following position statement on cash in lieu of commodity status:

POSITION
# of the
KANSAS SCHOOL FOOD SERVICE ASSOCIATION
on the
CASH IN LIEU OF COMMODITY STATUS

STATEMENT OF THE PROPOSAL

The State of Kansas has been on a cash basis in lieu of USDA donated commodities for the past two years. This cash basis has been of such a boon to the school nutrition programs that the Kansas school age youth have been able to reap the benefits. The meals being served are geared to the tastes, likes and dislikes, and food preferences of the students.

With the money for commodities and the savings on transportation and storage costs for said commodities, the food nutrition programs have been able to offer quality meals designed for the individual schools and students. The ability to design the menu for students has also helped increase participation and eliminate plate waste. This program also has helped to increase the cash flow and economy in the local and regional areas.

KANSAS SCHOOL FOOD SERVICE ASSOCIATION POSITION

It is the position of the Kansas School Food Service Association that there are strong and compelling reasons for the State of Kansas to maintain its cash in lieu of commodity status. We support the option of all states to choose between USDA donated commodities and cash in lieu of commodities. We cite the following specific reasons why the cash in lieu of commodity program should be maintained:

1. The cash received from the USDA is being used for food purchases designed for the taste and food preferences of the local attendance center.

Our youth are no longer forced to eat foods, or in some instances discouraged from eating a Type-A lunch, because of foods that were received but unpopular. The food preferences of students in the same district vary greatly. USDA donated commodities in many cases were not popular in the attendance centers of local school districts, section of the state or throughout the state. Some foods donated by the USDA do not even count towards the Type-A meal requirements.

Ethnic foods are possible now according to attendance centers. It has been possible and practical to upgrade the quality and quantity of food purchased for the school nutrition programs.

All children need one or more nutritionally adequate meals at school. The meals must be physically and financially within the reach of every child. The monies that were spent on freight and storage of the commodities have helped to maintain the low cost of meals to the child and family.

2. Decreased plate waste indicates that the nutritional components of the Type-A meal are being consumed, rather than

being fed to the garbage disposal.

Menus are now planned around the consumer (student), not around the commodities that must be used. Commodities formerly received by Kansas Schools were not always acceptable to the youth and therefore not purchased or consumed if the meals were purchased.

3. The purchase of food with the cash helps the local economy. The food purchased by Kansas schools helps the total agriculture consumption of the United States while also helping the local economic picture. Food items purchased come from every area of the country while the local wholesalers and vendors gain from the purchases made with this money. Therefore, the nation's agricultural producers feel no let down in items purchased and consumed while the local community benefits from the sales of these goods.

Small rural districts now have enough purchasing power to lure wholesalers to service their districts.

CONCLUSION

Legislation should be passed giving the states or local districts the option of cash in lieu of USDA donated commodities. The option should be granted to each state or local district. Those states or districts opting to stay on the commodity program may still do so and those prefering the cash will be able to utilize the monies to do their own purchasing.

This cash in lieu of commodities has been so successful in the state of Kansas that we would like to continue in the same manner. We believe that this program would benefit other states and school districts and should be made a permanent option to those who can best benefit from the program.

(End of Kansas School Food Service Association Position Paper.)

Anytime that five million dollars can be distributed equitably and regularly to approximately 400 recipients without any additional personnel, expense or paperwork, it is in a class by itself.

That, in brief, is the success story of cash in lieu of commodities in Kansas.

The cash payment of 11.75¢ for each reimbursable lunch and 3¢ for each breakfast is paid within 30 days after the claim is filed. This is the same claim which is submitted for the Section 4 and Section 11 reimbursement. In fact, the recipient doesn't do as much as rewrite a figure on another line of the claim in order to receive this cash.

The computer is programed to identify the total number of meals served to children, to multiply that number by the current rate, and to print out the facts. The cash is included in the total reimbursement check.

There is no question that the 11.75¢ is used only for food because the average food cost is about four times that amount. The extra cash provides extra buying power. Because the storage space isn't full of commodities delivered only once or twice a year, the food service manager has frozen or dry storage space available to take advantage of current price breaks.

The small school buyer receives more attention and better service from purveyors because, by ordering everything, she now has a big enough order to be delivered.

The school receives another pricing advantage because the purveyor knows the school will have the cash to pay the bill when it is due.

Every school receives the same amount for every lunch served from the first day of school to the last. It does not vary with the school's ability to use or to store certain food items.

The banks are much happier to handle the cash than the frozen food locker man was to store the school's commodities.

Less non-food assistance has been used to buy freezers for commodity storage.

The person planning the menus knows that what she plans, she will be able to serve. With commodities, that wasn't the case. Turkeys were likely to be on hand for Easter dinner rather than Thanksgiving. She also knows that by doing her own food purchasing, she won't have to serve wieners three days a week to get them all used up before school is out.

In the days of commodities, the freezer was full of turkey carcasses. The storeroom was full of a year's supply of other commodities offered once a year.

These commodities had to be inventoried monthly until used. This physical inventory had to balance with the daily usage sheet. And with the daily usage sheet, somebody would always forget to write down all commodities used. It would take hours for a physical inventory.

The quality of the commodities was good; the state staff responsible for the distribution system was efficient, fair and understanding. The distribution system was well-organized. If the SRS had continued to distribute the commodities, we would not have switched to cash.

A year and a half ago I was asked by Senator Dole to testify before the Congressional committee concerning the reactions of Kansans to the cash in lieu of commodities. At that time, many food service directors and school administrators contributed statements of what the cash meant to their programs. I would like to quote from some of these.

"The cash program has been a boon to us in Shawnee Mission, as well as the rest of Kansas. We have been able to upgrade the quantity and quality of food to our students while keeping the price per meal constant for the past three years."

Director of Food Service,
Shawnee Mission Public Schools (Kansas)

"We have found the cash in lieu of commodities to work very well in our school system. Our food service supervisor has been able to buy what she needs and what the students like....We would like to see the cash reimbursement system continue..."

Director of Business Services
Ft. Larned School District Office (Kansas)

"As far as we are concerned, cash in lieu of commodities is the way to go. For example, we were able to buy ground beef at as good a price as the government and not have the added expense of storage and freight....We had a savings of $5,369 just in freight and storage this year. It was such a pleasure to plan menus and not have to worry about a surge of commodities..."

School Lunch Director
Leavenworth (Kansas) Public Schools

And finally, I quote from a letter I received last week from the Director of Foods for the Haysville (Kansas) Unified School District 261:

"Cash-in-lieu-of commodities means many things for Unified School District #261....It means saving of time in office work, man-hours saved by other departments in the pick-up and delivery of commodities, better menu planning, saving of storage and handling costs, pilferage and the knowledge that we have the reimbursement to work with each month and not have to wait on a commodity order that may not include what you have ordered three months previously."

"Cash-in-lieu-of commodities means our menus have been upgraded with the purchase of selective items which has kept participation at 85% of students enrolled...."

"We have not increased lunch prices since 1973. This again is because of the reimbursement we receive...."

"We feel cash-in-lieu-of commodities cannot be praised enough. The district has benefited by it in many ways, and thinks it is the most efficient way to operate the lunch program."

Thank you very much.

Mr. **Marshburn**. This is certainly a frustrating question that you have to consider. The frustration comes from the fact that you have a program and you are not satisfied with the program or, at least, the information provided you would indicate that there is a need for change.

This is a finding that I have had in my experience. I am a processor of citrus products in Florida and a supplier of orange juice to the schools around the country. This is a very small part of our business. We sell our orange juice worldwide—some $80 million a year.

The mention of the USDA, in their testimony, of how they plan to react to some of the problems that have been brought up here today indicates to me their willingness to recognize the problem and help solve it.

I certainly would hope that the future of the relationship between foods and schools would still remain in the hands of the USDA. We have a wealth of knowledge in this area, both in nutrition and also the value of foods.

I subscribe to the fact that whether we realize it or not, we are going to go to a cash program. It is just a question of when. There are too many States that are set up to handle commodities on a cash basis.

I would like to recomend that one of the big problems of a cash program is, how do you handle surpluses? I believe that a voucher system is the proper way, whereby vouchers would be issued to the States that would relate to specific commodities and a specific time for the use of these vouchers would be authorized. I was disturbed to see the suggestion in the bill that we are here to discuss that it might be extended for 5 years. This bill would provide market price, meaning giving authorization to the USDA to purchase any food commodities whether in surplus or not.

This seems to me to be going in the wrong direction. I would hope that in your wisdom, that this could either be eliminated by taking no action on that portion of the bill or addressing it directly and removing it from that part of the bill.

We note that the USDA presently has authority to buy commodities not in surplus. This authority runs out, as I understand, this year, and this is one of the purposes of the bill. It is interesting for me to note that the U.S. Department of Agriculture, in a 3-year period, has utilized probably less than $14 million when the total purchases of food during that same period would have come very close to $1 billion. So, there doesn't appear to be the need for this portion of the law.

Mr. Chairman, I appreciate very much being here. I did have a lot to say. It has all been said in front of me. My adrenalin starts to move when I recognize that so many do recognize the problems and I have the confidence that the problems will be solved.

I thank you very much.

Mr. **Heftel**. Thank you, very much, Mr. Marshburn. We should, I think, all be made aware of the fact that Mr. Marshburn has put together what appears to be an extremely detailed report which will be totally utilized in making the decision.

I notice Congressman Ireland has joined us. Did you have some observations at this time, Mr. Ireland?

Mr. Ireland. Congressman, I wanted to stop in a moment from my meeting next door to recommend Mr. Marshburn to you. He is a constituent of mine, a pillar in the citrus industry, and someone I am delighted you have taken time to listen to.

I am sure he will work with you in every way he can.

Mr. Heftel. Thank you very much, Mr. Ireland.

Mr. Feldman, we will now give you the opportunity to give us your insights. Again, we are under time constraints, for which I apologize. I don't know how to call up the Speaker and tell him to delay the proceedings on the floor.

STATEMENT OF STANLEY O. FELDMAN, ON BEHALF OF THE NATIONAL ASSOCIATION OF MEAT PURVEYORS; ACCOMPANIED BY JAMES GOLDBERG, LONDON AND GOLDBERG, WASHINGTON, D.C.

Mr. Feldman. Thank you very much. It is easy to be last because most everything has been said, and I don't have to be repetitious. As a matter of fact, I just met Congressman Gephardt yesterday and I think he probably wrote my comments. I don't know how we came so close together in our testimony.

At any rate, I would like to submit a couple of things that haven't been said before.

Mr. Heftel. I should, I think, make the comment that Mr. Feldman is from the same area as Congressman Gephardt, and so we would hope, being from the same area, they would come to the same conclusions.

Mr. Feldman. I have a couple of points from the GAO report I would like to make. Being from Missouri, we get kind of homey, and particulraly when you are not a lawyer and you are just an ordinary folk from back home.

I think what we have here is a problem that is basic. I think we need to get back to basics and what we have done here is made a complex hodgepodge situation, one built on another and another built on another.

It seems to me it is like a football team that has all these problems. It is losing. The coach gets them together and says: "What are you going to do?" My experience has been, let's go back to basics and learn how to block and tackle. A good reason for the program exists and I think some of the problems will take care of themselves.

I think we need good nutrition for our children. There is no question about that. I think we need a way to remove what are legitimate surpluses.

I would like to point out to you in the GAO report——

Mr. Heftel. Why don't you quote the page of the report?

Mr. Feldman. "Refusal of donated commodities," I think is important.

> Most State distribution agents feel obligated to accept all commodities offered by FNS because a State is charged for a commodity, the commodity is counted against the cash value of the commodity assistance level permitted by law, even if it is refused. Individual school districts in four of the five States covered in our review, including Kansas when it was receiving donated commodities, could refuse monthly or bimonthly commodity offers by their respec-

> tive States. In Missouri, districts could refuse commodities only on an annual basis and were not permitted to take partial allocation. . . . Even though the States and districts realized the refusal of commodities reduced their share of Federal assistance, some commodities were refused because of various problems they presented.

To me, this took a lot of guts, to give up something you can't get back.

The other part of the report I would like to read——

Mr. HEFTEL. What page is the first one on?

Mr. FELDMAN. Page 11.

Mr. HEFTEL. Thank you.

Mr. FELDMAN. The second one is on page 21: "Spoilage of some commodities." It states:

> We found no evidence of large quantities of spoiled donated commodities being reported to FNS and few instances of spoilage. However, because school districts may be liable for the fair market value or replacement of spoiled commodities if the districts are at fault, there is a disincentive to report spoilage.

I think these two things are very important.

Lastly—and I won't take up any more time—I think that in conclusion, the National Association of Meat Purveyors, and myself, would like to make some specific recommendations. One: That the present law be amended to permit States to have the option of choosing cash or commodities, or perhaps a combination of both.

Two: That a true and real, meaningful definition of surplus be provided in the statutes so that the Secretary of Agriculture has an objective standard for determining when they purchase commodities for subsequent distribution to the States, H.R. 1139 shall be amended to extend the program for not more than 1 or 2 years, instead of the present 5-year period.

And, during the period, the General Accounting Office be directed to monitor the general distribution program and the impact of the cash option so the Congress will have additional substantive information on which to act in 1979.

Thank you, Mr. Chairman.

Mr. HEFTEL. Thank you very much, Mr. Feldman.

[The full statement of Mr. Feldman follows:]

STATEMENT OF

STANLEY O. FELDMAN

On Behalf Of

NATIONAL ASSOCIATION OF MEAT PURVEYORS

to the

SUBCOMMITTEE ON ELEMENTARY AND SECONDARY EDUCATION

HOUSE COMMITTEE ON EDUCATION AND LABOR

Concerning

Extension of Certain Child Nutrition Programs

H.R. 1139

March 10, 1977

Mr. Chairman, and members of the Subcommittee: My name is Stanley O. Feldman. I am President of the Rueckert Meat Company, of St. Louis, Missouri. I am appearing this day on behalf of the National Association of Meat Purveyors (NAMP), a trade association of some 450 companies which supply meat and meat products to hotels, restaurants, schools, hospitals and other institutions. I am a past President of NAMP, and am currently Chairman of its School Lunch Committee.

NAMP appreciates the opportunity to appear here to present its views concerning H.R. 1139, a bill introduced by the Chairman to extend for a five-year period, through fiscal year 1982, certain child nutrition programs under the National School Lunch Act and the Child Nutrition Act of 1966.

Our position is a simple one: NAMP believes that the states which currently receive commodities distributed by the Department of Agriculture for use in the school lunch program should be given the option of taking those commodities, or of receiving an equivalent federal contribution in cash.

Let me quickly add, for those of you who may fear that we are advocating a complete dismantling of the commodity distribution program of the USDA and the various states, that we are most certainly not advocating such a position.

We do believe that the available evidence and experience with cash distribution indicates that making funds available to states can, in many instances, result in not only a financial saving, but also in better meal planning and more efficient utilization of available commodities.

Before expanding on our belief that a cash and commodities option is the preferable approach in this area, let me first highlight the basis on which the school lunch program operates.

Legislative Authorization

The school lunch program, authorized by the National School Lunch Act of 1946, as amended (42 U.S.C. 1751 *et seq.*), is designed to safeguard the health and well-being of the Nation's children and to enclourage the domestic consumption of nutritious agricultural commodities and other foods. The Food and Nutrition Service (FNS), Department of Agriculture, working through State agnecies, administers the program. The program operates in the 50 states, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, and American Samoa. In fiscal year 1976, about 89,700 of the approximately 100,000 eligible schools participated in the program. During the peak month (November 1975) in school year 1975-1976, about 25.9 million children were served lunches daily.

The program is carried out with cash made available under sections 4, 6, 11 and 16 of the National School Lunch Act and with commodities made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), section 416 of the Agricultural Act of 1949

(7 U.S.C. 1431), and sections 6 and 14 of the National School Lunch Act.

While cash is available to be distributed under certain circumstances, it is available only at the discretion of the USDA, and, as a result, has been utilized on rare occasions and in relatively small amounts compared to the value of commodities distributed by the Department.

This is because the Sections 6, 32 and 416 funds can be utilized for a variety of commodity purchase purposes: (1) for removal of farm "surpluses"; (2) for so-called "market price purchases," where no "surplus" is involved; and (3) to reimburse the Commodity Credit Corporation for foods bought by it under the price support program and transferred to the school lunch and other child nutrition programs.

We do not quarrel with the use of federal funds to remove legitimate farm "surpluses" from the marketplace. However, the concern which we have is that there is no concrete definition within the Department of Agriculture of what constitutes a "surplus" or what circumstances will contribute to the necessity for USDA to purchase commodities under its surplus removal program for subsequent distribution to the states.

In short, a "surplus" seems to be defined to mean whatever the Secretary of Agriculture thinks is appropriate in any given circumstance.

It is therefore quite difficult to ascertain the rationale for a USDA purchase -- that is, is the commodity procurement being made to remove a surplus, or is it being made under the market price authority. To be more specific, we understand that USDA's position is that they have made no market price purchases to date with the $586 million appropriated for commodity procurement in fiscal year 1977. We would urge this Subcommittee to ask the Department to document its purchases, at least in the aggregate, so that all will know how much was spent under what authority, and what cirucmstances USDA uses to define the limits of its surplus removal program.

The Kansas Alternative

As we have explained most of the food distribution for child nutrition and school lunch programs has been in the form of commodity supplies. There has, however, been one significant example of what can take place when cash is made available instead. As this Subcommittee is well aware, the so-called Dole amendment in Public Law 94-105 provides that states which had phased out their commodity distribution facilities prior to July 1, 1974, could elect to receive cash instead of donated foods. Since only Kansas had so phased out their facilities, it is the only state currently receiving cash in lieu of commodities.

The Kansas experience has recently been the focus of a major research project undertaken by the General Accounting Office.

The GAO Report

At the request of the Chairman of this Subcommittee and the Honorable Charles A. Vanik (D-Ohio), the Comptroller General of the United States reviewed the USDA program for purchasing and distributing commodities for the school lunch program.

The results are contained in a report entitled "The Impact of Federal Commodity Donations On The School Lunch Program" (GAO Report #CED-77-32, dated January 31, 1977).

We think the conclusions are quite significant since the report indicates a favorable response to the cash distribution program in Kansas, while pointing up many of the shortcomings of the commodity distribution program in other school districts.

The report is a most comprehensive one, and I would urge all of the members of this Subcommittee to review carefully the results of the GAO study.

The National Association of Meat Purveyors believes that many of the shortcomings of the commodity distribution program cited in this report could have been alleviated had the districts involved had the option to take cash in lieu of donated commodities.

Some of the problem areas cited in the report include:

-- A need for better identification and consideration of school district commodity needs.

-- The impact of commodity refusals.

-- Poor timing of deliveries.

-- Difficulty of using some commodities in central kitchens.

-- Commodities not in preferred container or size.

-- Commodity spoilage.

Naturally, GAO was able to discuss these problems in the context of the 15 school districts (ranging in configuration from urban to rural) in the five states which its investigators surveyed. However, we believe that the problems pointed out are illustrative of problems which surface in many of the school districts in this country; in that connection, we would urge each member of this Subcommittee to review these problem areas in the light of the experience of the school districts in his own area.

For example, the GAO notes that the USDA does solicit information from the states on the grade, quality, package or can size, and individual item acceptability invarious localities. But the Department completely ignores questions about the quantity of product wanted. USDA claims that it can estimate needed quantities because it knows the enrollment of various schools and thus can estimate needs.

But consider the following refusals cited in the GAO report:

-- Perris, California, refused 34 per cent of the french fries offered because the school district didn't have enough storage space for the commodity.

-- Four unnamed districts refused more than 40 per cent of the orange juice offered because the quantities exceed the districts' needs.

-- Dry beans, cranberry sauce, and dry pitted prunes all were refused by some of the surveyed school districts because, among other things, they were in quantities excessive to the real need.

If USDA had elicited information about the desirability of these commodities, perhaps it would have made less available, and made available a greater quantity of some more desirable product. For the fact is that Perris, California, Cleveland, Philadelphia, and all other school districts are charged for the commodities offered even if the district refuses delivery.

The GAO report, in discussing the impact of these refusals, noted that they can "significantly reduce" the level of Federal assistance to the school lunch program in these districts. The GAO states:

> This can be illustrated by contrasting the school districts in Kansas, where the commodity program is now totally paid in cash, with the eight districts in the other four States where we priced the cash-equivalent impact of commodity refusals. For school year 1974-75, the Kansas districts automatically received the full 10 cents per lunch prescribed by law, whereas seven of the eight districts in the commodity program received commodity assistance ranging from 5 cents to 9 cents per lunch.

The poor timing of deliveries can also have an adverse impact on the school districts. A food service director in Pennsylvania told GAO that he was told that 8,000 gallons of frozen orange juice concentrate would be shipped in December, 1974. He didn't actually take delivery until May, 1975, some six months later, necessitating expenditures by the locality for storage costs.

The increasing use of central kitchen preplating operations also has led to problems in commodity distribution. St. Louis officials noted, for example, that some of the allocated commodities could only be served to 8,000 secondary school students; but St. Louis was receiving commodities based on a total enrollment of 48,000! It doesn't take much deduction to realize that either (1) St. Louis secondary students received a lot of the commodity in question, or (2) much of that over-allocated commodity was going to waste.

Container sizes were also a problem. Cleveland school officials, for example, complained about receiving orange juice in 32-ounce cans, rather than in 5-gallon or 55-gallon containers, since smaller containers are particularly impractical for large volume central kitchen operations. After three years of complaining, Cleveland finally received its larger containers; in the meantime, GAO estimated that the district had expended over $60,000 to reprocess the small size containers.

GAO Looks at Kansas

We believe that the most significant portion of the GAO report is its discussion, in Chapter 5, of what the agency's investigators found in Kansas.

Before coming under the cash program, the Kansas districts surveyed experienced that same kind of difficulties with the commodity program outlined above. Since cash distribution started, said GAO:

> Although district officials considered such difficulties to be inconveniences more than major problems, the cash program has eliminated them and has provided, according to the officials, a more efficient school lunch program. We were told that the principal inconveniences eliminated by the cash program were menu limitations and receipt of some commodities late in the school year, in undersirable package sizes, or in excessive quantities.

Even more significant, however, is that GAO's finding that "officials from all nine of the districts in our review in Missouri, Ohio and Pennsylvania favored cash over commodities...." These officials cited a belief that:

--a district can purchase a greater variety of food and provide a greater menu variety;

--administrative, processing, storage, and delivery costs can be reduced;

--a district can use only those commodities that work best in its system; and

--a district can receive its full Federal contribution which can be used to purchase more food than is now being provided.

In California, the GAO noted, the state School Food Service Association polled 16 districts with a combined enrollment of 1.2 million students. Three-quarters of the districts advocated a mixed commodity-cash program in lieu of the present program.

"Most of the survey districts indicated that an equal mix of commodities and cash would accommodate the needs of the greatest number of districts," said GAO, which concluded:

> Our analysis of the Type A lunch costs of eight districts receiving commodities showed that none of the districts used 10 cents worth of donated commodities for each Type A lunch in school year 1974-75--the amount that would have been provided by a cash program....The cash equivalent of donated commodities used by the eight districts ranged from 4.2 cents to 8.6 cents. (emphasis added)

The USDA Response

It's interesting to note USDA's response to the GAO report. In a letter dated January 11, 1977, to the GAO, the Acting Administrator of the USDA's Food and Nutrition Service notes that the GAO report, in addition to its nine recommendations, discussed a "total cash system" (emphasis added). The letter then continues:

> Such a system would hinder achievement of the Department's surplus removal and price support programs because the purchases of approximately 90,000 schools could not be coordinated, within specified time frames, to buy assigned quotas of designated commodities from areas where surpluses were greatest. Also, assigning quotas of commodities to individual schools has been found not to achieve the purposes of the Commodity Program in that such a procedure does not take into consideration local preferences, storage and food preparation facilities. In addition, such a program would deprive the Department of the options it currently has of reducing or cancelling purchase activities to respond to sudden changes in market conditions.

In our view, Mr. Chairman, the USDA's letter, by discussing the cash/commodity issue in terms of one or the other, completely ignores the point that the National Association of Meat Purveyors and others are trying to make.

It's not an "either-or" situation, Mr. Chairman. From our standpoint, we are talking about options, about giving states and school districts the choice of taking cash, of taking commodities, or, as it will probably work out in practice, if taking a combination of both cash and commodities.

And we are talking about giving the states the option, not leaving the choice to the Department of Agriculture to supply commodities based on what it considers to be a surplus at any given time.

There are those, like the USDA letter indicates, who will argue that even this option won't work, that it will be impossible to coordinate cash distributions to local school districts, that commodity distribution facilities will be dismantled so that they won't be available in times of legitimate surplus situations, that all sorts of other adverse impacts will occur.

But these protestations ignore the fact that the current commodity distribution program is frought with shortcomings, and that a cash option is one alternative -- and an excellent one, in our opinion -- of solving some of these problems.

Why Cash?

NAMP believes that providing a cash option to school food service personnel presents a viable alternative method to accomplishing the goals of the school lunch program:

(1) to enable students to learn more because of better nutrition; and

(2) to remove legitimate commodity surpluses to help our country's farmers.

We believe that these goals are not being met when USDA purchases commodities which are not legitimately "surplus" farm products. Perhaps what is needed, therefore, is a better definition of "surplus" to enable USDA to know what to buy, and when to buy it.

Neither do we believe that these goals are being met when school districts feel compelled to take delivery of certain commodities when either (1) they know that their students will not eat them, or (2) they are already overstocked with the particular commodity being offered.

Doesn't it make more sense from a financial standpoint, and, more importantly, from a nutritional and meal-planning, inventory-management standpoint, to give those school districts who want the cash the opportunity to have it, so that they can utilize local resources to purchase more efficiently?

Mr. Chairman, it may be that cash is not the answer for everyone. We are not therefore advocating a total substitution. We are proposing that the alternative be made available to more states than Kansas. If the option is made available, the details of how to effectively administer such an alternative distribution program can, we believe, be sufficiently worked out in order to make it run smoothly and effectively.

Conclusion

In conclusion, Mr. Chairman, the National Association of Meat Purveyors would make the following recommendations:

(1) That present law be amended to permit states to have the option of choosing to receive cash, commodities, or a combination of both.

(2) That a definition of "surplus" be provided in the statute so that the Secretary of Agriculture has an objective standard for determining when to purchase commodities for subsequent distribution to the states.

(3) That H.R. 1139 be amended to extend the current programs for two years, until September 30, 1979, instead of the five-year extension proposed in the pending legislation.

(4) That during the two-year period, the General Accounting Office again be directed to monitor the commodity distribution program, and the impact of the cash option, so that the Congress will have additional, substantive information on which to act in 1979.

Mr. HEFTEL. I think we have a few moments before we are going to have to be on the floor of the House.

Mr. Goodling, I will ask you if you have any questions.

Mr. GOODLING. No questions, Mr. Chairman.

Mr. HEFTEL. Mr. Weiss?

Mr. WEISS. I think it is obvious there have to be some remedies, and the testimony we have heard here this morning really points the way.

Regardless of the original need for having this kind of structured program, I think that changes have to be undertaken. Wouldn't you agree, sir, that a 5-year extension would be just uncalled for at this point without a thorough review?

Mr. Kreinest, I am addressing that to you. Don't you think it is unwarranted at this point and we would be better off reviewing the program and extending it for a period of time.

Mr. KREINEST. You are putting me on the spot, very graciously. In the earlier part of my statement, I said I am in full support of the bill, for the 5-year extension. I think that we have had 2-year extensions, and we have been working very diligently in the couple of years, perhaps with some obstacles that are not entirely recognizable at this particular session, but I do believe these obstacles are being removed. We are getting some support. This support, I don't think, is going to take 5 years.

Mr. WEISS. What harm would it be if this bill were extended for 1 year or 2 years? For example, on some of the major public service employment programs, the Secretary of Labor has come in here and said, "We don't really know. We want to evaluate this program. We will come back to you in 1 year and let you know what we think."

What is wrong with that kind of a program, in this instance?

Mr. KREINEST. One of the parts of my statement relates to this fact, that our time would be better spent in fewer battles to protect or continue the program year after year after year, when the time would be better spent on improvements, sir.

Mr. HEFTEL. Excuse me. May I observe that obviously, the reasons that all of this discussion is coming out in the open, the reason that all the criticism is being listened to, the reason that people are saying we have to make changes, is the fact that the program is terminating.

Now, if it were not for the fact it was terminating, would anybody be listening? So, if you continue another 5 years, you now give people another 5 years to put off what they should have been doing.

This may be the reason for going in one year increments. So, if the program isn't working, you don't renew.

Mr. GOODLING. To go on 5 years is unbelievable, saying here is a blank check and they go on fumbling around. I don't even see the purpose for 2 years, as a matter of fact. If we extend it 1 year—we have been going on with this kind of extension over and over again. We have, I think, all the facts and figures. It is not a new ball game. It is a real old ball game. I would hope we would not go along with any kind of 5-year extension. I don't think that is going to bring about a better food service program in our schools.

Mr. WEISS. Conversely, the other members of the panel are suggesting that perhaps the thing to do is not even have it extended on a 1- or 2-year basis, but to confront the issue with this point, whether, in fact, it ought to be transferred from a commodities to a cash program. I see a nodding of heads, but that doesn't go on the record.

Mr. **Heftel**. Mr. Marshburn.

Mr. **Marshburn**. Mr. Chairman, Mr. Feldman stated he would not be upset with a 1-year extension I see no need for an extension in view of the fact that so few dollars have been spent in this area of market price. The USDA has not seen the need or the purpose of this bill. They may see some future need that I am not aware of, but I see no need for it as a portion of the proposed bill.

Mr. **Goodling**. May I say I think there will need to be a transition period where States will have their choice. I don't think you would arbitrarily have it.

Mr. **Feldman**. One would be to create this transition period whereby States could issue the cash in lieu of commodities and a track record would be built so that at the end of 1 year, we would eliminate the commodity program. That would be my hope and desire.

Mr. **Marshburn**. I want to clarify something because I don't want it misunderstood. I am only addressing my thoughts to the market price portion of the proposed bill. I recognize that this surplus commodity question is so deeply immersed in political and emotional considerations that time will be needed.

I think the quickest solution to that is an option program. I would hope, in its wisdom, the USDA would promote the idea of allowing those large areas that want to go to cash to permit them to do so on a selected basis.

Mr. **Heftel**. Thank you for your observations. At this point, the complete GAO audit report will be included in the record.

[The GAO audit follows:]

REPORT TO THE COMMITTEE
ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

UNITED STATES GENERAL ACCOUNTING OFFICE

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

The Impact Of Federal Commodity Donations On The School Lunch Program

Department of Agriculture

Purchase and distribution of commodities for the school lunch program by Department of Agriculture go a long way toward meeting the needs of school districts. However, some improvements are needed to make the school lunch program more effective and responsive to such needs.

School districts in one State receive cash to buy commodities instead of receiving commodities from the Department. Essentially, commodity costs to the State's larger districts seem to be comparable to the Department's but costs to the smaller districts appear to be higher.

These and related issues, such as "plate waste"--food not eaten by students--are discussed in this report.

CED-77-32

JAN. 31, 1977

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-178564

The Honorable Carl. D. Perkins, Chairman
Committee on Education and Labor
House of Representatives

Dear Mr. Chairman:

This report discusses the responsiveness of the Federal commodity distribution program to the needs of the school lunch program. Although improvements are needed, we believe that the Department of Agriculture's surplus commodity removal and price support programs go a long way toward meeting the needs of local school districts.

The report also discusses the cash in lieu of commodity arrangement that is unique to Kansas and provides information and suggested corrective measures regarding the plate waste problem in the school lunch program.

This report contains recommendations to the Secretary of Agriculture on pages 41 and 42. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We will be in touch with your office in the near future to arrange for release of the report so that the requirement of section 236 can be set in motion.

As agreed with your office we are furnishing copies of this report to Congressman Charles A. Vanik and Senator Hubert H. Humphrey because of their special interest in its contents.

Sincerely yours,

Elmer B. Staats

Comptroller General
of the United States

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ABBREVIATIONS

AMS	Agricultural Marketing Service
ASCS	Agricultural Stabilization and Conservation Service
ERS	Economic Research Service
FNS	Food and Nutrition Service
GAO	General Accounting Office

COMPTROLLER GENERAL'S
REPORT TO THE HOUSE COMMITTEE
ON EDUCATION AND LABOR

THE IMPACT OF FEDERAL
COMMODITY DONATIONS ON
THE SCHOOL LUNCH PROGRAM
Department of Agriculture

DIGEST

The national school lunch program in the Department of Agriculture provides lunches to children and makes use of surplus agricultural commodities. The Department has designed a balanced lunch--called the Type A lunch--to meet children's nutritional requirements. This must be followed by schools participating in the program. (See app. V.)

Federal cash subsidies and commodities donated to school districts are based on the number of Type A lunches served.

Federal cash subsidies increased from $1.1 billion in school year 1973-74 to $1.5 billion in school year 1975-76 and commodity donations increased from $308 million to $433.5 million.

COORDINATION BETWEEN PROGRAMS

In formulating commodity purchase plans, the Department's Food and Nutrition Service gives great weight to information submitted by the States on their commodity preferences. (See pp. 6 and 9.)

The Department's surplus removal and price support programs go a long way toward meeting the needs of school districts. However, improvements are needed to make the school lunch program more effective and responsive to school district needs.

NEED FOR BETTER IDENTIFICATION AND CONSIDERATION OF SCHOOL DISTRICT COMMODITY NEEDS

The Food and Nutrition Service has not taken adequate steps to make sure that the commodity preferences reported by the States are based

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on, and accurately reflect, school district needs. They sometimes do not. The Service believes that it is the States' responsibility to obtain from school districts their commodity preferences. (See pp. 4 to 6.)

The Service does not always poll the States in advance to determine the acceptability of commodities considered to be "traditional" items, and continues to provide them. (See p. 8.) Also, the Service has not required the States to pass on to the districts options on commodities that are sometimes available. (See pp. 17 and 19.)

There are times when the Department's policies for purchasing commodities to remove surpluses, to support prices, or to provide traditional items result in purchases of commodities which are not highly preferred by the States. (See pp. 6 to 9.)

Consequently, districts were being offered commodities that

--had limited appeal,

--were in amounts excess to their needs,

--were not in the desired form or size,

--were difficult to use, or

--were delivered at times unsuited to district needs. (See pp. 10 to 20.)

Although some quality problems have occurred from time to time, most school districts considered the overall quality of Federal commodities to be good. Spoilage was minimal. (See pp. 20 to 23.)

These shortcomings resulted in

--difficulties or inconveniences in preparing and serving school lunches (see pp. 14 to 20);

--a reduction amounting to from 1 to 5 cents per lunch in Federal assistance to school districts because of their refusals of large quantities of some commodities (see pp. 11 to 14);

--increased storage, administrative, and processing costs (see pp. 14 to 20); and

--increased "plate waste" because of servings of commodities having limited appeal (see pp. 28 and 29) or repetitive servings of commodities received in excessive amounts (see pp. 14 to 16).

The Food and Nutrition Service should take more positive steps to make sure that the commodity program is more responsive to the problems and needs of local school districts.

FEDERAL CASH OR COMMODITIES?

Kansas is the only State eligible to receive all cash in lieu of any donated Federal commodities. School officials in Kansas told GAO that this arrangement has eliminated various inconveniences associated with the earlier commodity program and has provided more menu variety. (See p. 34.)

Commodity costs to the larger districts seem to be comparable to the Department's but costs to the smaller districts appear to be higher. (See pp. 35 and 36.)

Most districts, especially the larger ones in the other States GAO visited--California, Kansas, Missouri, Ohio, and Pennsylvania--would prefer to receive cash in lieu of Federal commodities. (See pp. 35 to 38.)

Under such an arrangement, food cost to the smaller districts might increase. (See p. 35.) And this could hinder achievement of the Department's surplus removal and price support goals unless the purchases of approximately 90,000 school districts could be coordinated to buy assigned quotas of designated commodities from areas where surpluses were greatest.

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PLATE WASTE

Officials throughout the program recognize plate waste to be a problem (see p. 24) and believe that nutrition education, more menu variety, and a better lunchroom atmosphere are the primary solutions. (See pp. 29 to 32.)

It would be beneficial to include as an option to the Type A lunch pattern, a nutrient standard which would permit more flexibility in menu planning. (See pp. 31 and 32.)

RECOMMENDATIONS

The Secretary of Agriculture should:

- --Establish procedures so that school districts' views are reflected in preference reports and considered in the purchase and distribution of Federal commodities.
- --Require States to pass on to the school districts all available commodity options.
- --Expand the means of finding out from the States and school districts what commodities are acceptable.
- --Improve the timing of Federal commodity deliveries.
- --Review costs and benefits of providing commodities in more acceptable form and quality.
- --Undertake greater promotion of nutrition education in school health programs to help reduce plate waste.
- --Do more to encourage State and local school authorities to improve lunch facilities and atmosphere.
- --Require States to give districts more advance notice of commodity deliveries.

--Include a nutrient standard as an option to the Type A lunch pattern to provide greater flexibility in using commodities. (See pp. 41 and 42.)

The Department of Agriculture generally agreed with GAO's findings and conclusions and said it would make every effort to implement GAO's recommendations. (See app. III.)

CHAPTER 1

INTRODUCTION

At the request of Congressman Carl D. Perkins, Chairman of the House Committee on Education and Labor and Congressman Charles A. Vanik, we reviewed the Department of Agriculture's program for purchasing and distributing commodities for the school lunch program. (See app. I and II.)

We made our review in 5 States--California, Kansas, Missouri, Ohio, and Pennsylvania--and 15 school districts. (See app. IV.) The overall objectives were to

--assess the responsiveness of the Federal commodity program to the needs of school districts,

--evaluate the advantages and disadvantages of school districts receiving cash in lieu of Federal commodities under the school lunch program, and

--assess the reasons for plate waste (food served to the student but not eaten) in the school lunch program and identify possible solutions to the problem.

LEGISLATIVE AUTHORIZATION

The school lunch program, authorized by the National School Lunch Act of 1946, as amended (42 U.S.C. 1751 et seq.), is designed to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other foods. The Food and Nutrition Service (FNS), Department of Agriculture, working through State agencies, administers the program. The program operates in the 50 States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, and American Samoa. In fiscal year 1976, about 89,700 of the approximately 100,000 eligible schools participated in the program. During the peak month--November 1975--in school year 1975-76, about 25.9 million children were served lunches daily.

The program is carried out with cash made available under sections 4, 6, 11, and 16 of the National School Lunch Act and with commodities made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and sections 6 and 14 of the National School Lunch Act.

Lunches served by participating schools must consist of foods from a food pattern--the Type A lunch--designed by the Department to meet children's nutritional requirements. (See app. V.) Payments of Federal cash subsidies and donations of commodities are based on the number of Type A lunches served.

FNS established a commodity assistance level of 7 cents per Type A lunch for school year 1973-74. In June 1974, section 6 was amended to require that not less than 10 cents per Type A lunch be provided in commodities or cash. The donation value per Type A lunch is updated annually to reflect changes in the Consumer Price Index. In school year 1975-76, it was increased to 11 cents per lunch.

At least 75 percent of the commodity assistance must be in the form of donated food; the balance in cash or donated food. The commodities are required to be distributed in accordance with needs determined by local school authorities.

To determine school district preferences, FNS requires each State to submit a preference report annually showing their commodity preferences.

Section 6 also requires that, if FNS estimates as of February 15 of any year that it will be unable to provide the States with at least 90 percent of the total commodity assistance initially programed for the schools based on the congressionally mandated "cents-per-lunch" level, the difference between the initially programed level and the then estimated value will be given to the States in cash from section 32 funds. [1]

In addition, section 16 authorizes any State that phased out its commodity distribution facilities before June 30, 1974, to receive all cash in lieu of any commodities. Kansas is the only State qualifying for such payments.

COMMODITY PROCUREMENT AND DISTRIBUTION

FNS works closely with the Department's Agricultural Stabilization and Conservation Service (ASCS) and Agricultural Marketing Service (AMS) in attempting to insure that donated commodities meet the needs of the school districts. ASCS is responsible for purchases of section 416 commodities, such as grains and dairy products, whereas AMS is responsible for purchases of commodities, such as fruits and meat products, funded with section 6 and 32 funds. FNS, through its seven regional offices (six at the time of our review), allocates the commodities to the responsible State agencies who, in turn, allocate the commodities to participating school districts. Allocations are based on estimates made by FNS before the start of each school year, of the number of Type A lunches to be served by the schools. In four of the five States in our review, the commodities were shipped to State warehouses and picked up by the districts. In Missouri, the commodities were picked up by the districts at railroad sidings.

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[1] Section 32 funds consist of 30 percent of the gross receipts from duties collected under the customs laws.

PROGRAM GROWTH

As shown in appendix VI, Federal cash payments to the States increased from about $1.1 billion in school year 1973-74 to about $1.5 billion in school year 1975-76. The commodity donation program increased from $308 million in school year 1973-74 to $433.5 million in school year 1975-76. An additional cash payment of $32.5 million was made to the States for school year 1975-76 because FNS estimated as of February 15, 1976, that at least 90 percent of the commodity assistance initially programed would not be provided.

As shown in appendix VII, 8 of the 10 school districts for which we obtained estimated cost data served more Type A lunches in school year 1974-75 than in the previous year, and 9 of the 10 districts experienced increases in the cost of a lunch. Most of the districts anticipated further cost increases in school year 1975-76.

CHAPTER 2

NEED FOR BETTER IDENTIFICATION AND CONSIDERATION OF SCHOOL DISTRICT COMMODITY NEEDS

FNS solicits information on school districts' needs from the States so that commodities can be purchased to meet these needs. Although FNS recognizes the need for local school district input, its regional offices have not emphasized to the States the importance of obtaining data from school districts on their commodity needs, and have not followed up to insure that district needs are identified and subsequently considered in the State-prepared commodity preference reports. Because State officials usually prepare the reports with only limited input from the districts, the reports do not always reflect district needs. In addition, the reports do not provide a means for showing the quantities of commodities required to meet districts' needs.

FNS, AMS, and ASCS, in making commodity purchasing decisions, also consider other factors, such as food surpluses and price supports for certain commodities, which may override the needs shown in the preference reports.

As a result of the limited input by school districts regarding the types and quantities of commodities needed, and because of decisions to clear surpluses of some commodities not on, or low on, the preference lists, some commodities are offered that the districts do not prefer or that are excess to the districts' needs.

LIMITED LOCAL INPUT OBTAINED IN DETERMINING PREFERRED COMMODITIES

Before FNS meets with ASCS and AMS to formulate the Department's annual purchase plans, the FNS regional offices solicit information on school districts' commodity preferences from the States. This is done by means of a standard form which, in school year 1975-76, had 12 protein foods, 14 fruits, and 12 vegetables preprinted on it. (See app. VIII.) The regional offices have been instructed to emphasize that responsible State officials should consult with representative groups of school lunch supervisors before completing the form to show the six most preferred items in each category. Space is available for commenting on grade, quality, package or can size, and acceptability of individual items, but quantity information is not requested.

The three FNS regional offices responsible for the five States included in our review did not emphasize to State officials the need to consult with local district officials nor follow up to insure that local school district input was obtained. As a result, the amount of local input, as detailed below, was very limited.

--The Ohio preference reports for school years 1973-74 and 1974-75 were completed by six food consultants of the Ohio Department of Education's Division of School Food Service. Although the consultants visited schools in the State at various times during the year, they did not solicit direct input from the school districts regarding commodity preferences. The preference report for 1975-76 was prepared by the distribution agent, Ohio Department of Administrative Services, with no school district input. The report for 1976-77 was also prepared by the distribution agent but, as a result of our discussions, he obtained input from 125 of the approximately 600 school districts.

--In Pennsylvania the commodity preference report was prepared each year by the Director, Food and Nutrition Service, Department of Education, with no input from the school districts.

--In Kansas (when the State was receiving commodities) and Missouri, Department of Education Food Service Division personnel who have periodic contact with the school districts completed the reports with no direct input from the school districts.

--In California State officials solicited input from 36 of approximately 1,000 school districts. Input was not solicited from Los Angeles, the largest district in the State.

Because of the limited input by local school districts, the preference reports prepared by State officials do not always reflect accurately the local districts' preferences. For example, a comparison of Ohio's 1976-77 preference report, which was based on input from 125 school districts, with the report prepared by the distribution agent for 1975-76 showed that such commodities as peach halves, raisins, sweet potatoes, mixed frozen vegetables, and frankfurters selected by the distribution agent for 1975-76 were not considered preferred items by the districts. In Missouri, the three districts included in our review (including the largest in the State) did not express a preference for orange juice, an item listed by the State as being preferred. Also, the districts preferred beef in natural juices and peach halves but these items were not selected by the State.

FNS officials know that some States fill out the preference reports with little or no local input. They recognize the need for local input but believe that the individual States should determine how the report is to be prepared. FNS does not follow up to determine specifically how the States prepare their commodity preference reports.

The amounts of Federal commodities purchased and allocated for the school lunch program do not take into account actual commodity usage at the school district level. FNS officials believe that they have sufficient information on school enrollments and other factors on which to base commodity purchases and that specific quantity information is not needed. An FNS official said that the amounts of commodities to be purchased can be translated into servings per child. For example, FNS estimates that only enough peanut butter is purchased and distributed in any one school year to provide about 6 servings per child, or about 1 serving every 23 school days. This procedure does not take into account such situations as in Cleveland where, for example, peanut butter is a limited-appeal commodity that is only provided to students in the form of processed peanut butter bars. Cleveland accepted only 60,400 pounds of the 589,000 pounds offered it in the last 3 years.

Although FNS encourages the processing of donated commodities into other food forms, this may not always be a satisfactory alternative. For example, servings of peanut butter bars or cookies do not contain enough peanut butter to meet the Type A lunch requirement and cause the local school districts to incur processing costs. If school districts could readily inform their respective States of the quantities of particular commodities needed, and this data was shown on the States' preference reports, it would help the districts to get not only the proper commodities but also the proper amounts of those commodities.

ROLE OF PREFERENCE REPORTS IN FORMULATING PURCHASE PLANS

Preference report data provided by the States is used by FNS in its discussions with AMS and ASCS to formulate the Department's annual commodity purchase plans. However, when determining commodities to be purchased, specific consideration is also given to surpluses, need for price support, and possible disruption of commercial markets. As explained below the weight given these factors differs depending on the source of the funds used for the purchases.

Section 6: Section 6 funds can be used to provide a broad range of food commodities for the school lunch program--they are not limited to commodities in surplus. Commodity procurements are made by AMS in accordance with a memorandum of understanding with FNS which covers such things as commodity selection, purchasing, delivery orders, shipping schedules, and claims adjustment. As required by the memorandum, purchase plans showing specific commodities to be purchased are submitted by AMS to FNS for approval.

It has been FNS policy to reserve section 6 funds for purchases of commodities which the States report are preferred. Our analysis of the purchases showed that, in fiscal year 1975, about 95 percent of the section 6 funds were spent on commodities which the States ranked as highly preferred. However, commodities that have limited appeal or that have traditionally been provided (such as sweet potatoes) have also been purchased.

An FNS official told us that the practice of purchasing sweet potatoes started about 15 years ago and that, because no complaints were received from the districts, the practice has continued. Although FNS headquarters complaint files did not contain any complaints on sweet potatoes for the last 5 years, FNS has known of the limited appeal of sweet potatoes because the item has ranked low on, or has not appeared on, FNS's composite of State preference lists.

Section 32: Purchases under this section are intended to remove temporary market surpluses of perishable products and to help stabilize farm prices. Section 32 commodities are purchased by AMS in accordance with the same memorandum of understanding as section 6 purchases.

Before each fiscal year begins, FNS meets with the various AMS commodity divisions to formulate purchase plans. The commodity divisions predict what surpluses will be available based on current inventories, planting intention reports, and other factors. Plans specifying the individual commodities to be purchased are then prepared by the divisions. The amount of any one commodity purchased with section 32 funds is subject to several constraints: (1) the amount of the commodity usable by the various FNS programs, (2) the amount of section 32 funds available, and (3) the requirement that not more than 25 percent of the available section 32 funds can be spent on any one commodity.

To remove market surpluses and also to meet school district needs, FNS tries to match those commodities which AMS has determined are eligible for surplus removal with those ranked as highly acceptable in the States' food preference reports. Our analysis of fiscal year 1975 commodity purchases showed that about 98 percent of the section 32 funds was spent on commodities that were ranked by the States as highly preferred. However, as explained earlier, State-reported commodity preferences do not necessarily coincide with local district preferences.

Even though the Department has established a policy that only commodities acceptable for a nationwide distribution will be donated to the States, limited appeal items can be purchased with section 32 funds and provided to school districts. FNS assumes that traditionally furnished commodities are acceptable to local school districts although this may not be so. To determine if an item that has not been traditionally supplied to the schools is acceptable, FNS polls the States before such purchases are made. Ninety percent of the States must agree that the commodity is acceptable before FNS allows AMS to make a purchase of a nontraditional item. However, FNS does not always poll the States in advance on the acceptability of items traditionally furnished, nor does it require the States to poll their school districts regarding the acceptability of either type commodity. Consequently, nontraditional commodities that may have limited appeal to many individual districts and traditional commodities that may not have high appeal to many States and districts can, and have been, purchased and distributed by the Department. An FNS official told us that FNS tries to keep purchases of limited-appeal items to the minimum amount required for a nationwide distribution.

One item that has been somewhat of a problem to school districts in this regard is cranberry sauce--a traditional item which was not initially included in the Department's 1975-76 purchase plan, but which was later purchased and provided to the schools even though it has limited appeal. An FNS official said that, although cranberry sauce is not included in the 1976-77 purchase plan, it probably will be provided again if large surpluses develop.

The timing of section 32 purchases depends on when commodity surpluses develop, and this sometimes does not tie in with school needs. An FNS official explained that FNS tries to space commodity deliveries to coincide with what the States say they need. However, there is no assurance that what the States say they need coincides with local school district needs. Purchases of some commodities are made on a one-time basis at the peak of the packing season. Other commodities are purchased repeatedly when a surplus continues, sometimes on a weekly basis.

Section 416: Donations under this section are made from commodities acquired under the Department's price support program. Only commodities predetermined by the Congress or the Department as eligible for price support and determined to be surplus are available to FNS for the school lunch program, and then only when a determination is made that such disposition is necessary to prevent waste. An FNS official told us that, while commodities, such as wheat, corn, rice, barley, oats, rye, honey, peanuts, nonfat dry milk, and their products, can be made available, the 90 percent acceptability policy eliminates from future distribution to the school lunch program certain limited appeal items, such as rolled oats, rolled wheat, and other commodities which were available to the States in the past, and makes section 416 donations more compatible with the overall school lunch program.

Section 14: This section authorizes the expenditure of funds from sections 32 and 416 to purchase for the school lunch program agricultural commodities which are customarily acquired and donated under those sections but which currently do not meet the "surplus" provisions of those sections. Section 14 also mandates donations of cereal, shortening, and oil products.

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We have not attempted to assess the overall effectiveness of the surplus commodity removal and price support programs in achieving their commodity objectives; however, our limited work in this regard indicated that the formulation and execution of commodity purchase plans were generally in line with various commodity market indicators and Department predictions and analyses that were shown and explained to us. Although the Department has developed procedures which are intended to bring these commodity objectives into harmony with the reported needs of the school lunch program, the procedures have not been fully effective in assuring that the needs of local school districts are accurately identified and appropriately considered, thereby causing problems for the school lunch program. Chapter 3 discusses the impact of these problems on the program. Implementation of the recommendations outlined in chapter 6 should help make the program more effective and responsive to school district needs.

CHAPTER 3

IMPACT OF COMMODITY PROBLEMS ON THE SCHOOL LUNCH PROGRAM

Each of the 15 school districts included in our review experienced some problems with the Federal commodity program because their needs were not adequately considered in the purchasing, allocating, and delivering of commodities. The primary problems cited and the effects of those problems are summarized below and are discussed in detail in the following sections.

- --Some commodities offered had limited appeal, were considered to be of poor quality, or were excess to the districts' needs or storage capacities. Consequently, the districts refused significant amounts of commodities, the value of which was counted against the amount of commodity assistance to which they were entitled. This reduced Federal assistance to their school lunch programs.
- --Some commodities were offered too late in the school year. As a result, some commodities were refused, some were served repetitively causing increased plate waste, and others were stored over the summer months thereby increasing storage costs.
- --Districts were not always informed of delivery dates. This affected local purchase decisions, limited the number of local suppliers willing to contract with the districts, and caused problems in negotiating food processing contracts.
- --Districts with central kitchen preplating operations received some commodities that were incompatible with their food preparation systems. This limited the variety of food served to students receiving preplated lunches and increased storage costs because the commodities could only be used by schools providing cafeteria-type lunches and were therefore not used as rapidly as they otherwise would have been.
- --Some commodities were offered in sizes and forms not preferred by the districts. As a result, some districts refused the commodities and others incurred increased food processing costs.

REFUSAL OF DONATED COMMODITIES

Most State distribution agents feel obligated to accept all commodities offered by FNS because a State is charged for a commodity (the commodity is counted against the cash value of the commodity assistance level permitted by law) even if it is refused. Individual school districts in four of the five States covered in our review (including Kansas when it was receiving donated commodities) could refuse monthly or bimonthly commodity offers by their respective States. In Missouri, districts could refuse commodities only on an annual basis and were not permitted to take partial allocations. In each State, however, an offered commodity was counted against the school district's assistance level even when it was refused. Even though the States and districts realized the refusal of commodities reduced their share of Federal assistance, some commodities were refused because of various problems they presented.

Three of the 4 States and 10 of the 12 school districts currently receiving commodities had refused various commodity offers during the last 3 years. In addition, two of the three Kansas districts that we reviewed and that last participated in the commodity program in school year 1973-74 had refused commodities during that year. Of the 58 commodities offered, a portion of 33 were refused. (See apps. IX, X, XI.) Reasons for refusal are highlighted below.

Section 6 commodities

Although section 6 funds have traditionally been used for purchasing commodities which States reported were preferred by school districts, a portion of 4 of the 13 commodities purchased under this section were refused for reasons discussed below.

French fries: In the last 3 years the Los Angeles and Perris (California) school districts refused 86 and 34 percent, respectively, of the french fries offered. Perris refused the fries because it did not have enough storage space and Los Angeles refused because the fries did not meet the district's quality standards. The Elyria (Ohio) district refused 63 percent of its french fry offer in 1975-76 because the offers were made too late in the school year and, consequently, were excess to its needs. Also, the Salina (Kansas) district refused some french fries in 1973-74 because the quantity offered was excess to its needs.

Sweet potatoes: The Los Angeles, Perris, and Paramount City (California) school districts refused 85, 52, and 42 percent, respectively, of the sweet potatoes offered in the last 3 years. The Salina (Kansas) district also refused a portion of its offer in 1973-74. Sweet potatoes were refused because of their limited appeal or because the amounts offered were excess to the districts' needs.

Orange juice: Missouri refused 14 carloads of orange juice in 1973-74. In addition, 6 of the 15 districts had refused orange juice in the last 3 school years. Four districts refused over 40 percent of the orange juice offered because the offers were excess to the districts' needs, enough storage space was not available, or the commodity container size was too small.

Beef patties: In February 1976, the Cleveland district refused 15,660 pounds of beef patties because patties are incompatible with its food preparation system. The district uses only fully cooked processed foods and does not have personnel or equipment to cook patties. Also, beef in patty form is not a preferred form in which to provide beef to the district's processors for conversion into various cooked products. In March 1976, at the request of the district, the State distribution agent provided frozen ground beef to replace the patties that were refused.

Section 32 commodities

Section 32 purchases are designed to remove temporary surpluses of perishable products from the market and to help stabilize prices to the farmers. Portions of 17 of the 26 commodities purchased under section 32 were refused by the school districts and States in our review. The following illustrates the primary reasons for refusal.

Dry beans: Pennsylvania refused 295,000 pounds of dry beans in school years 1974-75 and 1975-76. In addition, 8 of the 15 districts had refused dry beans in the last 3 years. Four districts refused over 80 percent of the dry beans offered. Dry beans were refused because they are difficult to prepare, are unacceptable in an unprocessed form, or were excess to the districts' needs.

Cranberry sauce: Pennsylvania refused 97,240 pounds of cranberry sauce in 1975-76. In addition, 7 of the 12 districts in four States had refused cranberry sauce during the last 3 years. The commodity was refused because of its limited appeal to students, offers were poorly timed, or were excess to the districts' needs. The Los Angeles district refused over 90 percent of the cranberry sauce it was offered.

Dry pitted prunes: California asked the FNS Western Regional Office to reduce its allocation of prunes in 1975-76 because the Los Angeles district (the largest in the State) would not accept its allocation. In addition to Los Angeles, seven other districts we reviewed refused a portion of their offers because the commodity had limited appeal, the offers were made too late in the school year, or were excess to the districts' needs.

Section 416 commodities

Portions of 14 of the 19 commodities purchased under section 416 were refused by the States or school districts primarily because of their limited appeal and the need to further process them before they could be used. Some illustrations follow.

Dry milk: Nonfat dry milk was refused by Pennsylvania in school year 1974-75 and by Missouri in the following year. In addition, 8 of the 12 districts refused over 62 percent of the amounts offered by their States in 1975-76. The dry milk was refused because the offers were made too late in the school year or were excess to the districts' needs or because the commodity had limited appeal and required further processing before it could be used.

Rolled oats and rolled wheat: These commodities were last made available to the States in 1973-74 when the States were permitted to order as much as they wanted so long as the commodities were not wasted. All five States ordered the commodities but some districts refused to accept them--six districts refused rolled oats and five refused rolled wheat.

Ohio ordered large quantities of these items. Because of the limited appeal of the commodities, however, inventories were still in State warehouses in school year 1975-76 and the commodities were still being offered to the local districts by the State.

Impact of commodity refusals

Because commodities offered school districts generally are counted against their assistance level even when the commodities are refused, such refusals can significantly reduce the level of Federal assistance to the school lunch program in those districts. This can be illustrated by contrasting the school districts in Kansas, where the commodity program is now totally paid in cash, with the eight districts in the other four States where we priced the cash-equivalent impact of commodity refusals. For school year 1974-75, the Kansas districts automatically received the full 10 cents per lunch prescribed by law, whereas seven of the eight districts in the commodity program received commodity assistance ranging from 5 cents to 9 cents per lunch.

In the last 3 school years, one of the eight districts (Elyria, Ohio) refused all or a portion of 20 commodities offered. For further details on commodities received and refused by the eight districts, see appendixes XI and XII.

POOR TIMING OF DELIVERIES

The refusal of commodities by districts and their consequent loss of Federal assistance is only one impact of FNS offering excessive quantities of certain commodities or offering them too late in the school year. Poor timing of deliveries and lack of sufficient advance notice by FNS of forthcoming allocations have adversely affected local purchase decisions, caused districts to make menu changes resulting in repetitive servings of some food items, and increased plate waste and storage costs. The following illustrations highlight these problems.

--The purchase of beef is generally announced by the Department in August when surpluses exist and prices are lower. Once the announcement is made, suppliers must respond, AMS must accept bids, and the beef must be allocated to the States and then to the school districts. The result is that ground beef, a high-protein commodity used throughout the school year, is usually provided to schools from February through June. Although FNS intends that all commodities delivered to schools be used in the same school year, the high concentration of deliveries late in the school year often makes this impractical.

--In school year 1973-74, the Department purchased some ground beef so late that it was not distributed to the States until the beginning of the following school year. As a result of this distribution plus additional Federal purchases during the year, beef was allocated to the school districts throughout the entire school year. This avoided problems similar to those encountered by school districts in prior and subsequent years; that is, repetitive servings to reduce inventories and payments of storage costs over the summer months. Although the situation described above only happened by chance, it shows that better timing of purchases and deliveries could eliminate some of the problems encountered in managing the school lunch programs.

--French fries were offered to the districts late in school years 1974-75 and 1975-76. Cleveland, for example, was offered 100,710 pounds of french fries in March and April 1975. Repetitive servings had to be made to use the fries before the end of the school year.

--A district food service director in Pennsylvania told us that school districts need to know when they will receive donated commodities--not when they are being shipped. He cited a case where the school district was told in December 1974 that 8,000 gallons of frozen orange juice concentrate would be shipped that same month. However, the commodity was not received by the district until May 1975, just before the end of the school year. As a result, the school district incurred storage costs for the summer. The director said that adequate delivery information was particularly important when commodities must be processed, because the school district needs a certain amount of leadtime to contract for the processing. The director also identified 10 other commodities, such as french fries and chicken, where delivery timing was a problem.

--A district food service director in Pennsylvania commented that commodity deliveries often were ill timed. We were told that, invariably, as soon as the district received delivery of enough locally purchased food to last 3 months, a Federal allocation of some of the same items would be received--putting a strain on storerooms and freezers.

--A district food service director in Ohio told us that the lack of adequate notice of deliveries of donated commodities limits the number of local suppliers who will bid on food contracts. For example, although the district must inform food wholesalers in advance as to the district's anticipated needs of various items, it is not committed to buy these amounts. The wholesaler, however, makes purchases to satisfy the district's anticipated needs. Thus when the same commodity is offered to the district by the State as a Federal donated item with no advance notice, as is often done, the local wholesaler is stuck with his purchase.

--In January 1976, Los Angeles agreed to accept 7,200 cases of donated vegetable oil shortening. Because the shortening had not been delivered when district stocks ran out early in March, the district had to make a purchase to fill its needs through April. The first deliveries of the donated shortening were finally received in late April. Because of the delay in delivery, additional administrative costs and inconveniences were incurred and most of the 7,200 donated cases had to be stored in a commercial warehouse over the summer.

--A Missouri State official told us that the Department "dumps" too much of certain commodities on the States and that too many commodities are received in April and May. He said excessive quantities result in the schools serving the item too often, with consequent increase in plate waste, while April and May commodity deliveries can cause the schools to incur storage costs for the summer. He cited as an example 15,600 cases of cheese--about a 2-1/2-year's supply for the State according to the official--received in April and May 1975.

SOME COMMODITIES DIFFICULT TO USE IN CENTRAL KITCHEN PREPLATING OPERATIONS

Central kitchens were established to provide lunches to students attending schools without food preparation facilities. The lunches are prepared at the central kitchen and transported to the schools--primarily elementary schools. The lunches are either delivered in large bulk containers and served in a cafeteria-type setting or in a preplated form similar to a "TV dinner." Three of the larger districts in our review have a central kitchen preplating operation--St. Louis, Philadelphia, and Cleveland.

State allocation procedures do not always give adequate recognition to the fact that certain commodities are difficult to use in central kitchen preplating operations without additional processing. Some preplating operations have a problem using certain fruits, such as peaches and pears, which have been provided in halves, rather than a sliced form. Halves are too large to fit the trays and must be further processed before they can be used.

The Cleveland district, because of its extensive use of outside processors, was able to use many of the donated commodities in its central kitchen. However, the district was unable to use items, such as french fries and frozen chicken, in its central kitchen and consequently used them only in its secondary schools. Nevertheless, the State allocation was based on the total number of lunches served at both elementary and secondary school levels.

Officials of the St. Louis school district also indicated that some of the commodities allocated to it could only be served to 8,000 secondary school students but were allocated based on a total enrollment of 48,000. This contributed to increased storage costs for some items due to excessive inventories.

COMMODITIES NOT IN PREFERRED CONTAINER OR SIZE

The districts generally were satisfied with the sizes of most of the commodities and containers provided but cited some examples where improvements could be made. Some districts, for example, would prefer to receive canned poultry and beef in larger than 29-ounce cans. The primary complaint of Cleveland, Philadelphia, and Los Angeles officials concerned the receipt of orange juice in 32-ounce cans rather than in 5- or 55-gallon containers. Smaller containers are especially impractical for large volume central kitchen operations.

States have the option of ordering orange juice in any of the three container sizes as long as the orders are in carload lots. Because the smaller containers increase local district processing costs, Los Angeles refused over 50 percent of its offers in the last 3 years. Cleveland and Philadelphia accepted their offers but incurred the increased processing costs.

Over the last 3 years, Cleveland voiced complaints with the State distribution agent--who can specify container sizes. Cleveland finally received the orange juice in a larger container size late in school year 1975-76 after we asked at the State level why larger containers were not provided. We estimated that Cleveland could have saved over $60,000 in processing costs if the larger size container had been provided during the 3-year period.

COMMODITIES NOT IN PREFERRED FORMS

Our discussions with school district officials and our review of processing contract data indicated that some commodities would be accepted by the districts in larger quantities and local processing costs could be reduced if the commodities were processed nationally for the Department and provided to the districts in a more readily usable form.

Department policy on national processing

The Department is authorized to purchase processed commodities suitable for school district use. The current policy, as illustrated below, is to conserve section 32 and 416 funds for removal of surpluses from the market and to use section 6 funds to buy processed commodities to meet district needs. However, section 32 and 416 funds also are used for processed commodities when the districts experience extensive problems with commodities in an unprocessed form.

For example, section 32 commodities, such as apples, pears, cranberries, and prunes, are now provided in processed forms. The Department agreed to buy the commodities in the processed forms after school districts experienced extensive spoilage problems with fresh fruits and cranberries and refused to accept unpitted prunes. Also, now that the Department's inventory of dried milk has reached 400 million pounds and the school districts are refusing to accept additional amounts because of its limited usage, polls have been conducted by the Department to determine if the States will accept dry milk in different forms, such as mozzarella cheese, cottage cheese, and yogurt. If the States are willing to accept the commodities in a different form, section 416 funds will be used for processing.

Greater acceptance of commodities and reduction in cost through national processing

As highlighted by the following examples, district processing costs could be reduced and greater commodity acceptance achieved if additional Federal commodities were provided in different forms.

Dry beans: Dry beans were purchased in each of the last 3 school years. Three of the four districts in our review that refused over 70 percent of the dry beans offered indicated they prefer canned beans. If dried beans were provided in a processed form, they would be more acceptable to the districts and district processing costs could be reduced. In Cleveland, for example, over $13,000 was paid by the district to have dried beans processed into baked beans in school year 1973-74.

Butter and margarine: Three of the larger districts in our review preferred butter or margarine in the form of pats rather than prints. In school year 1975-76, the Philadelphia district rejected 2,560 cases of margarine in prints because it would have been too expensive, according to the district financial officer, to process the prints into pats. In the last 3 years, Cleveland incurred processing costs of $37,450 to have butter processed into pats.

In school year 1975-76, ASCS issued a purchase announcement for margarine in the form of pats, but received no responses. However, responses have been received to similar purchase announcements for 1976-77 and the commodity will be offered in a processed form. An FNS official told us that the Department would solicit bids for butter in a pat form if a surplus of butter develops.

Turkey: Before 1974-75, whole turkeys were purchased for the school lunch program and some school districts had them processed into turkey rolls at an additional cost because this is the commodity form they preferred. For the 1974-75 school year turkey rolls were purchased because, an FNS official explained, the Department was able to get a cheaper processing price and a higher production yield than the districts would have received. However, in school year 1975-76, whole turkeys were again purchased because turkey carcasses, which were in surplus at the time, were to be purchased with funds which normally are not used to finance processing costs.

Chicken: For the last 3 school years, cut-up chicken has been purchased by the Department for school lunches. For 1975-76, however, FNS for the first time gave States an option of accepting a portion of their chicken in a cooked form. Even though the Cleveland district paid $102,731 in the prior 2 years to have chicken processed into a cooked form, the State distribution agent did not give Cleveland the option of receiving cooked chicken. The opposite happened in Pennsylvania where Philadelphia was given the option by the State distribution agent and accepted it.

Because of size and form restrictions of its preplating operation, the Cleveland district has also had problems adapting the large pieces of chicken provided by FNS to its central kitchen operation. In response to such problems, FNS in school year 1976-77 will give States the option of accepting whole chickens that can be cut into the desired number of pieces by the districts or their processors. It is not certain, however, whether the States will pass this option down to their local school districts.

POOR QUALITY OF SOME COMMODITIES

The majority of the districts considered the overall quality of donated commodities to be good. However, as detailed below, some districts considered the quality of french fries and canned poultry to be poor.

French fries

The Cleveland district received 5,455 cases of french fries in school year 1975-76. The Cleveland food service director complained of the quality of the fries to FNS and requested inspection of the shipments. The director highlighted the following problems:

--Bad taste.

--Defects or rotten spots on some of the fries.

--Carbon specks on the fries and pieces of carbon in some of the bags.

--Variation in color of the fries from bag to bag.

--Variation in size and inclusion of small pieces, slivers, and irregular pieces in the bags.

AMS inspections showed the french fires to be Grade A Institutional Type, the minimum quality standard required by the Department. The Cleveland district is purchasing Grade A Retail Type fries locally and expects the donated fries to be of equal quality. However, Grade A Institutional Type is similar to Grade B Retail Type.

The Los Angeles district also considered the french fries to be of poor quality. Because the fries did not meet the district's standards, 86 percent of the State's offers were refused in the last 3 years. Comments from five other districts which consider french fries to be of generally poor quality follow:

--French fries are undesirable because, if fried or baked in advance, they tend to get soggy by the time they are served. This leads to poor acceptability by students. The district would not purchase french fries but would substitute "oven-fries or tater-tots."

--The quality of the donated french fries has been inconsistent. Some became soggy when ovenbaked.

--French fries are a high preference item, but some of those received were of poor quality.

--French fries received have a quality problem. They were limp and soggy; tater-tots were bought as a substitute.

--The last shipment was too dark and resulted in poor acceptance because they lacked eye appeal. The district would buy "tri-tators" instead.

Our review of the FNS headquarters complaint files showed that 15 complaints were received on french fries in the last 3 years. Of the districts we reviewed, however, Cleveland was the only one that had registered a complaint. Three of the 15 complaints resulted in the processor awarding FNS a discount because the fries were not Grade A. AMS inspectors attributed many of the problems to be the result of color irregularities and the districts not following cooking instructions. An AMS official told us that the specifications for french fry color in school year 1976-77 will be changed to improve eye appeal.

Canned poultry

Five districts considered the canned poultry received to be of poor quality. District officials said the poultry was stringy, tasteless, and lacked eye appeal. Some districts disguised the poultry in a variety of ways to gain student acceptance. However, none filed complaints with FNS.

SPOILAGE OF SOME COMMODITIES

We found no evidence of large quantities of spoiled donated commodities being reported to FNS and few instances of spoilage. However, because school districts may be liable for the fair market value or replacement of spoiled commodities if the districts are at fault, there is a disincentive to report spoilage.

For example, in Ohio one district had received spoiled cheese and had permitted rolled oats to spoil, but neither was reported to the State. Another district allowed commodities valued at $2,394 to spoil due to poor storage ventilation and reported the spoilage to the State. The State, as directed by the FNS regional office, required the district to purchase replacements for the spoiled commodities.

The only spoilage reported in the last 2 years to FNS by the districts in our review was Cleveland's reporting of spoiled frankfurters. In March 1975, Cleveland was allocated 1,693 cases of frankfurters. Cleveland used 191 cases and found the quality to be good. However, some frankfurters from the remaining 1,502 cases were discolored and found to be spoiled by an independent laboratory. A visit by a Department inspector confirmed the independent laboratory's report. The 1,502 cases were then removed from the district and taken to the contractor's plant. At the contractor's plant, 94 of the 1,502 cases were found to be spoiled and were rejected by the Department. The remainder was transferred to another school district for its use.

Los Angeles received some frankfurters in school year 1974-75 that appeared to be spoiled but laboratory tests showed them to be edible. They were not well accepted by the students because they had a grey coloring rather than the color to which students are accustomed. Another district included in our review also considered frankfurters to have a quality problem.

In addition to the Cleveland complaint, FNS received four other complaints on frankfurters in school year 1974-75 from districts not included in our review. The complaints and their disposition are summarized below.

--Foreign matter was reported in a student's frankfurter. AMS could not make a thorough investigation of the incident because the school district could not provide the contract or order number to identify the producer.

--Frankfurters were offcolor and had a foreign odor. The contractor replaced the frankfurters.

--Frankfurter packages had lost their vacuum and the frankfurters were not in prime condition. AMS determined that the problem could have been avoided by proper stock rotation and/or use of the commodity upon receipt. For the future, the district was told to use the good frankfurters and set aside the bad. No bad frankfurters were found after that time.

--Frankfurters were offcolor. The State Department of Agriculture said that the frankfurters were usable but the county health department said they were not usable. Because the health department has primary authority over such matters, FNS ordered the frankfurters destroyed. No action was taken against the supplier.

CHAPTER 4

CAUSES OF PLATE WASTE AND POSSIBLE SOLUTIONS

Officials at each level of the school lunch program recognize plate waste as a problem; however, studies to determine the extent of the problem, its causes, and possible solutions have been limited. Program officials believe that significantly more plate waste occurs in the elementary grades than at the secondary level but little is known about how much is actually wasted. Estimates from local school officials ranged from 8 to 50 percent at the elementary level and from 4 to 30 percent at the secondary level. Based on preliminary analysis of data from a January 1976 study, the Department estimated that about 15 percent of all school lunch food served is wasted.

According to program officials, plate waste does not appear to be more prevalent in any particular identifiable economic group, such as students who receive free or reduced-price lunches, students who pay full price, students who live in wealthy neighborhoods, or students who live in poor neighborhoods.

School lunch program officials generally agree that the primary causes of the problem are lunchroom atmosphere and conditions, lack of nutrition education, type of food served, and food preparation methods. Officials believe that solutions generally must start at the State and local levels; however, actions to date have met with mixed success. Some local officials believe that, to achieve the degree of success needed, the Type A requirement must be relaxed or some meaningful alternatives provided--some approach that would permit schools to serve a wider variety of foods, serve more preferred foods, and give students the option not to take foods they will not eat. Although Department officials pointed out that a wide variety of food choices can be offered under the Type A pattern, we noted that the pattern requires that specific types of foods be offered even though the nutrient objectives of the food pattern could be achieved in another manner. A nutrient standard method of menu planning could be used without offering each specified food type in the quantities specified in the Type A patttern.

School officials also believe that eliminating limited-appeal donated commodities could reduce plate waste. In one Kansas school district, an official estimated that plate waste has been reduced 50 percent in the district since the cash in lieu of commodities program started. The official said that this happened because the district was able to buy and serve more of the foods preferred by students, instead of serving limited-appeal, donated commodities.

STUDIES OF THE PLATE WASTE PROBLEM

Although studies of plate waste have been limited, as detailed below, several studies that recognize the problem, its causes, and possible solutions have been or are being made.

California nutrition education project

A project to demonstrate the benefits of employing a nutrition education specialist at the State level to develop food service-related nutrition education programs was awarded to the California State Department of Education by the Department of Agriculture. The project covered the period May 1, 1973, through June 30, 1976, and included a study of children in kindergarten through grade 6. In assessing the need for the project, a State official stated that a significant number of students participating in the school lunch program fail to consume one-third or more of the food provided. The statement was based on the official's extensive personal experience and observations in California food service programs.

The first phase of the study was performed in 49 elementary schools serving Type A lunches to students in kindergarten through grade 3. To measure the effect that a comprehensive nutrition education program would have on plate waste, a uniform 5-day Type A menu series was served to students both before and after they were exposed to the program. The same menus also were served to students in control groups for comparison with the test groups. The comparison showed that plate waste was reduced 13 percent because of nutrition education.

The State Department of Education concluded from the first phase that a State level nutrition education specialist and staff, assisted by local education personnel, can develop a nutrition education program as a part of a schools' health program and utilize the food service program to improve the food habits of children, parents, and teachers.

The second phase which included children in kindergarten through grade 6 had not been completed at the time of our field work.

Philadelphia Home and School Council survey

The Philadelphia Home and School Council conducted a self-initiated survey in October 1974 to find ways to provide the best lunch possible and to curtail plate waste in the Philadelphia school district. The survey showed the need for cleaner food facilities, nutrition education, more discipline in lunchrooms, and a more accommodating eating facility to replace a storage facility being used as a lunchroom. As a result of the study, cleaner food facilities were provided, security officers were assigned to lunchrooms, and nutrition education was offered in 125 schools. A council official told us in April 1976 that, although plate waste was reduced significantly, it was still a problem.

Cleveland study of senior high option

During March through May 1974, the Cleveland school district made a study to determine what effect relaxation of the Type A requirement would have on plate waste. Students in one high school were given the option of accepting or declining individual food items, rather than accepting or declining the whole Type A lunch package as was normally done. The study results showed improved behavior in the cafeteria, increased lunch participation, decreased purchase of a la carte snack foods, definite rejection of total-package meals, and a decided reduction of plate waste.

Elyria study of plate waste

During our review at the Elyria school district, the food service supervisor visited two high schools, a junior high school, and three elementary schools during a 1-week period to determine the amount of plate waste in the school district. The supervisor stated that, to be accurate, a study should include an entire school year and include every school in the district. Such a study would take into account the fact that nutritional habits vary depending on such factors as the amount of nutrition education instilled at home, the type of menus served in the school, and age groups. Although the study was not designed to be all-inclusive or provide an indepth study of plate waste in the district, it showed that the value of the food wasted ranged from a high of 25 percent in one elementary school to a low of 8 percent in one of the high schools. It also showed that plate waste varied with the type of food served. In one high school, when macaroni and cheese was served, the waste was 15 percent; when mushroom steak was served, it was 8 percent.

Nutritional assessment study

The Department, in cooperation with local school districts, made a study in 104 elementary, junior, and senior high schools in 38 States in January 1976. The study objectives were to determine the amounts of food and nutrients provided to, and consumed by, school children from the Type A lunch. Comparisons were made between the nutrients served and the program's nutritional goal, between the amount of food served and the amount consumed, and between schools preparing lunches on site and schools serving preportioned, delivered lunches.

Preliminary results based on the data gathered during this study indicated that less plate waste occurred when lunches were prepared and served on-site than when they were delivered to schools in a fully prepared form. Also, the study indicated that certain nutritious types of food specified in the Type A food pattern, such as vegetables, resulted in more plate waste than high-preference items, such as pizza which can meet the Type A pattern.

CAUSES OF PLATE WASTE

According to Federal, State, and local program officials, plate waste has a variety of causes, the most prevalent of which are the following.

Lunchroom atmosphere and conditions

Many officials believe that influences in the lunchroom impact strongly on the students' desire to eat their lunches. These influences included unattractive decor, short and hurried lunch periods, lack of adequate supervision and interest by teachers and food service personnel, and peer group pressures not to eat certain foods.

Lack of nutrition education

Because there is little or no nutrition training, many students have not been taught the value of nutrition for their well being and have not been encouraged to eat nutritious foods.

Type of food served

The lack of menu variety, serving of limited-appeal commodities, offering unfamiliar foods to children, and preparing familiar foods in an unfamiliar manner all add up to much plate waste. The availability of snack foods in some schools also lessens the desire and incentive of children to eat some of the less preferred Type A lunch components.

Food preparation methods

The use of preplated lunches often lessens the eye appeal of many foods. Although nutritious, the foods are not as appealing as when offered in a cafeteria-style setting.

The Type A lunch requirement contributes to plate waste

Officials in 11 of 15 school districts in our review believe that certain aspects of the Department's Type A lunch requirement contributed to plate waste. They told us that:

- --Children, typically, do not like some foods required to be offered as part of the lunch and will not eat them regardless of their nutritional value.
- --Children must take all components of the total lunch, even though they do not intend to eat all of them. They are not allowed to take only the foods they intend to eat.
- --Small children are provided oversized portions that they cannot finish.
- --Schools must add additional protein items to various preference foods, such as pizza, to meet the Type A requirement. This lessens the appeal of the lunch to the students.

Department officials responsible for nutritional studies do not believe the Type A lunch requirement is a major cause of plate waste. They believe the primary causes of the plate waste are (1) foods not prepared in appetizing ways, (2) schools not aware of student preferences, and (3) poor lunchroom atmosphere. In their opinion, sufficient flexibility exists in the requirement to permit schools to provide a choice of foods. For example, a choice of two entrees and three or four fruits or vegetables can be offered within the requirement. They stated further that most schools make the same size portions for all grade levels even though some food groups can be offered in smaller portions to younger students and still meet the requirement.

Plate waste of donated commodities

As mentioned earlier, serving limited-appeal commodities can cause plate waste. Thirteen of the 15 districts in our review listed specific donated commodities that contribute to plate waste. The other two districts did not consider the commodities to be a cause of plate waste because they said they had the option to refuse or accept the commodities each time they were offered. Although other districts also have the option to refuse commodities, such refusals can erode the level of Federal assistance received and consequently place a heavier financial burden on school districts. In any event, experience has shown that plate waste results if certain commodities are accepted and served to students. As shown in the following schedule, the limited-appeal commodities most frequently mentioned by the districts we reviewed were sweet potatoes, cranberry sauce, canned plums, and grapefruit juice. The first two were provided by the Department in each of the last 3 school years. Canned plums and grapefruit juice were offered only in school year 1973-74. A Department official indicated that grapefruit juice would not be offered again.

Donated Commodities Causing Plate Waste

Commodity	Number of districts listing commodity as plate waste contributor	Frequency of offers		
		1973-74	1974-75	1975-76
Sweet potatoes	11	X	X	X
Cranberry sauce	11	X	X	X
Grapefruit juice	11	X		
Canned plums	9	X		
Dry pitted prunes	8			X
Rice	5	X		X
Canned poultry	5	X	X	X

In addition, the Philadelphia and Cleveland districts indicated that receipt of excessive quantities and ill-timed deliveries sometimes forced schools to use the same commodities over and over--leading to a lack of menu variety and consequent plate waste. Other districts' officials said that excessive or poorly timed deliveries could contribute to plate waste but that the commodities are either refused or stored, thus avoiding menu monotony.

SOLUTIONS TO REDUCE PLATE WASTE

Many of the advocated solutions to plate waste seem to require actions at the State and local level rather than at the Federal level. Many States and local officials believe, however, that relaxation of, or alternatives to, the Department's Type A lunch requirement and elimination of limited-appeal donated commodities would reduce plate waste.

The principal solutions to plate waste suggested by State and local school lunch officials include:

--Providing nutrition education as part of the school curriculum and promoting better student attitudes toward the school lunch program.

--Providing greater food variety and more attractive lunches, including better menu planning and better identification of student food preferences.

--Improving lunchroom facilities and atmosphere, including increased supervision and reduced disruptions and time pressures during the lunch period.

According to program officials, application of some of the solutions in some of the 15 districts we visited reduced plate waste, but the officials agreed that additional actions must be taken. They recognize that a combination of the above solutions may be needed to satisfactorily reduce the problem. For example, one official told us that, even though nutrition education is effective in the lower grades, it is not a panacea. Children will not like the taste of some foods regardless of how much nutrition education they receive.

Some solutions are dependent on the availability of funds. One State official told us that an extensive nutrition education program could not be started in his State without Federal funding. Officials in other districts indicated it would be expensive to provide additional food choices. Thus the increased expense of some solutions would put an additional cost burden on school districts that are already experiencing cost increases.

Alternatives involving the Type A lunch requirement

Public Law 94-105,which was approved October 7, 1975 (89 Stat. 511), amended the National School Lunch Act to allow senior high school students to accept the full Type A lunch or only that portion of the lunch they intend to eat. The Department also has sponsored studies to determine the effectiveness of using a nutrient standard in providing school lunches, compared with following the Type A lunch requirement.

Impact of the senior high option

At the time of our review, the senior-high option had not been implemented locally, but most State and local officials believed it would reduce plate waste. Many officials indicated that the option should be extended to lower grade students, but some were opposed to extending it to elementary school students. They agreed that the option would reduce plate waste but felt that it would have an adverse effect on the young children and on the overall school lunch program. They said that elementary school students

--have not had enough experience and nutrition education to select balanced meals;

--would not try new foods; and

--would be slow in making selections, causing bottlenecks and long serving lines.

Nutrient standard as an alternative to the Type A requirement

Department-sponsored studies have compared the Type A requirement to a proposed nutrient standard. In one study computers were used to assist in preparing nutrient standard menus. These studies show that the use of a nutrient standard does not reduce plate waste but does provide a more nutritional lunch. Although more expertise and management capability are required to implement the nutrient standard than the Type A requirement, the nutrient standard provides more accuracy in meeting the recommended dietary allowance. Even when a computer was used, the overall lunch costs remained the same.

One Department-sponsored study 1/ asked 29 menu planners to compare the impact of the Type A and the nutrient standard menu patterns on food and labor costs, food acceptability, menu planning, and food service work tasks. None of these menu planners were employed in the school districts we reviewed. Two-thirds of the menu planners preferred the nutrient standard menu and requested the opportunity to continue using it. The study recommended that the Department implement a nutrient standard for menu planning on a national scale because the method offered significant potential for providing improved nutritional lunches.

According to a Department official, the 29 menu planners were allowed to continue using the nutrient standard but all but two have now gone back to the Type A pattern because they considered it easier to follow. The Department's regulations do not allow the use of a nutrient standard menu on other than a test basis--as is the case with the two menu planners mentioned above--and the Department is not presently proposing a nutrient standard as an alternative to the Type A pattern.

1/Phase II Report: Comparison of Type A and NSM Menus in the National School Lunch Program, Colorado State University, Contract No. 12-35-600-85, August 31, 1973.

Officials of one large school district in our review favored use of a nutrient standard in lieu of the Type A requirement because they believed some higher preference foods could be provided in a more appealing manner and at less cost. Foods, such as peanuts and cranberry sauce, in the portion size usually served by schools do not meet the component requirements of a Type A lunch. However, these commodities, now provided by the Department, could be counted in meeting the students' protein and nutrition needs if a nutrient standard were used. Use of such foods, therefore, could reduce the total lunch cost and enable schools to add to the lunch other foods children prefer.

We believe it would be beneficial to give schools the option of following either a nutrient standard or the Type A food pattern. Schools electing to use the nutrient standard for a particular meal would not need to include each of the food components of the Type A pattern--such as specific portions of meat or a meat alternate, vegetables and fruits, or bread--if the meal contained their nutrient equivalent.

CHAPTER 5

CASH OR COMMODITIES?

In the three Kansas school districts in our review that received cash in lieu of commodities, various inconveniences associated with the Federal commodity program were eliminated, costs were slightly reduced, and more menu variety was provided. As a result, officials of these districts favored cash in lieu of commodities. Officials in 9 of the other 12 districts in our review also favored cash. Most officials believed they could purchase more food with cash than they received under the commodity program and could eliminate many of their present commodity problems. Although food costs to smaller districts might be higher under a cash program, in some of these districts, officials believed the advantages of a cash program would outweigh such additional food costs.

The Department favors a reduction in commodity distributions and a comparable increase in cash payments but would want to leave certain options open to insure that the decrease in commodity donations would not adversely affect the surplus removal program. One option would require States to use the increased cash to purchase commodities specified to be surplus.

HOW THE KANSAS CASH PROGRAM STARTED

In December 1973 the Department informed officials in Kansas and other States that commodities for schools and institutions would be sharply reduced or discontinued. According to a Kansas official this, along with the passage of food stamp legislation (Public Law 93-86, August 10, 1973, 87 Stat. 247) requiring all counties to have a food stamp program by July 1, 1974, convinced State officials to disband the State's commodity distribution operations.

In order not to penalize the State for its action, the Department incorporated a provision in its regulations effective October 4, 1974, based on the conference report preceding enactment of Public Law 93-326 (June 30, 1974, 88 Stat. 286) to allow States which had phased out their commodity programs before June 30, 1974, to receive all cash in lieu of any commodities. Kansas was the only State that qualified. Beginning in November 1974, each Kansas school district was paid 10 cents for each Type A meal served, and commodities were no longer donated for school lunches.

With the passage of Public Law 94-105, section 16 of the School Lunch Act was added to include the above provision. This section authorized the cash payments to be updated annually to reflect changes in the Consumer Price Index. As a result, Kansas school districts received 11 cents per lunch in school year 1975-76.

EXPERIENCE OF THREE KANSAS SCHOOL DISTRICTS UNDER THE CASH PROGRAM

Officials at the State and local levels of the school lunch program in Kansas favor cash over the commodity donation program because, according to the officials, the cash program has

--eliminated various inconveniences associated with the commodity program;

--reduced transportation, storage, and administrative costs associated with the commodity program;

--eliminated the need to deal with limited-appeal commodities previously provided under the commodity program; and

--allowed more food variety.

No State or local official that we interviewed in Kansas identified any new problems caused by the cash program.

Elimination of inconveniences

Before coming under the cash program, the three Kansas districts experienced the same kind of difficulties with the commodity program as are discussed in chapter 3. Although district officials considered such difficulties to be inconveniences more than major problems, the cash program has eliminated them and has provided, according to the officials, a more efficient school lunch program. We were told that the principal inconveniences eliminated by the cash program were menu limitations and receipt of some commodities late in the school year, in undesirable package sizes, or in excessive quantities.

Reduction in nonfood costs

At the three districts, we tried to determine what specific costs had been eliminated by the cash program. The following table shows the estimated school year 1973-74 costs eliminated by the cash program.

	Kansas City	Salina	Oskaloosa
Incoming freight and storage	$ 7,166	$5,114	$388
Local commercial storage	6,730	(a)	(a)
Local delivery costs	2,470	1,092	(a)
Administrative and clerical time	3,502	450	(b)
Manager's time	4,439	600	(b)
Total	$24,307	$7,256	$388
Estimated cost reduction per meal	$0.0083	$0.0093	$0.0061

a/Cost was not incurred in this district.
b/We did not estimate this cost.

As shown above, the estimated cost reduction in each district was less than 1 cent per meal.

Comparisons of food costs

A study by the Department's Economic Research Service (ERS) and our analysis of the food costs of the three Kansas districts showed that larger school districts can purchase food at prices comparable to what the Department pays but that prices to smaller districts are greater.

In its study, ERS compared prices paid for 15 foods by the Department and by 150 randomly selected school systems of various sizes in school year 1973-74. In its February 1975 report, ERS concluded that large school districts--those with over 25,000 students--could buy foods as cheaply as the Department. However, school districts with less than 25,000 students, and particularly school districts with less than 2,500 students, paid higher prices than the Department paid. Department officials stated that the ERS study did not fully consider differences in quality between Department commodities and those obtained from other sources.

As part of our review in the three Kansas districts, we identified food items purchased by the districts which were similar to food items donated by the Department to other States (including an adjacent State) in school year 1974-75. We determined the total costs to the three districts for buying these items and compared their costs with the Department's costs. Our comparison supported the conclusions in the ERS study. The cost to the Kansas City school district for the selected food items was $0.0045 per meal less than the cost of the donated commodities; for the smaller Salina and Oskaloosa districts, respectively, costs were $0.0057 and $0.0231 per meal higher. Although we made cost comparisons, we did not consider any differences in quality between Department and local purchases.

Despite the higher food costs, officials of the two smaller districts said they preferred the cash program. One said that the advantages of the cash program were worth the additional cost, and the other preferred cash because it resulted in reduced plate waste and better menu planning. We were told that some smaller school districts have organized cooperatives to take advantage of quantity discounts in buying food.

The Deputy Commissioner of Education in Kansas also believes that, overall, the benefits of the cash program outweigh any additional costs involved. He referred to improved State administrative operations and local school food service programs, the ability of the State Department of Education to implement and monitor the cash program with no additional clerical burden, and more flexibility in planning varied menus and avoiding unpopular food items.

Reduction in use of limited-appeal commodities

As shown in the table on the following page, the three Kansas districts did not buy, or used smaller amounts than in the preceding years of, 11 of the 28 commodities offered by the Department to other States in school year 1974-75. Kansas City, the largest school district in the State, did not buy nine of the commodities. Two of the more commonly cited limited-appeal items--cranberry sauce and sweet potatoes --were not purchased at all by two of the three Kansas districts.

Commodities Not Purchased by Three Kansas School Districts or Used in Lesser Amounts Under the Cash Program Than Under the Commodity Donation Program

	Kansas City		Salina		Oskaloosa	
	Did not buy	Used less	Did not buy	Used less	Did not buy	Used less
Beans, dry	X			X		X
Butter	X			X		
Chicken, cut-up		X		X		
Cranberry sauce	X		X			X
Milk, dried				X		X
Orange juice	X				X	
Pork, canned	X			X	X	
Poultry, canned		X		X		X
Sweet potatoes	X		X			X
Turkey, frozen	X					X
Turkey rolls	X					
Total	8	2	2	6	2	6

OPINIONS OF SCHOOL DISTRICT OFFICIALS IN OTHER STATES

Officials from all nine of the districts in our review in Missouri, Ohio, and Pennsylvania favored cash over commodities because they believed that

- --a district can purchase a greater variety of food and provide a greater menu variety;
- --administrative, processing, storage, and delivery costs can be reduced;
- --a district can use only those commodities that work best in its system; and
- --a district can receive its full Federal contribution which can be used to purchase more food than is now being provided.

Officials from the three California districts had varied opinions. The two larger districts favored a combined cash and commodity program with cash payments about equal to commodity donations. The smaller district favored the commodity program.

The California officials' views were consistent with the findings of a recent survey by the California School Food

Service Association. The association polled 16 California school districts, representing an enrollment of over 1.2 million students. Of the 16 districts polled, 2 preferred an all-cash program, 2 preferred the present commodity arrangement, and 12 advocated a mixed commodity-cash program in lieu of the present commodity program.

Most of the survey districts indicated that an equal mix of commodities and cash would accommodate the needs of the greatest number of districts. They believed that eliminating commodities altogether could impair the future stability of the child nutrition program. The supporters of an all-cash arrangement thought this would permit a more efficient use of funds. They believed that some commodities often in excess supply--cranberries and grapefruit juice--were items not acceptable to children and that money was being spent on commodities that did not make a significant contribution to meal requirements. Those that favored the existing commodity arrangement thought it allowed smaller districts to obtain foods, especially those in short supply, at lower cost because of the Department's greater purchasing power.

Officials in several smaller districts in the other States covered in our review recognized that the Department has greater purchasing power. Yet, these officials believed that the cash program would eliminate commodity program problems and enable them to obtain more food.

Our analysis of the Type A lunch costs of eight districts receiving commodities showed that none of the districts used 10 cents worth of donated commodities for each Type A lunch in school year 1974-75--the amount that would have been provided by a cash program. This resulted primarily because of commodity refusals by the districts and the limited use made of certain commodities that were accepted but were largely kept in inventory. The cash equivalent of donated commodities used by the eight districts ranged from 4.2 cents to 8.6 cents.

DEPARTMENT OF AGRICULTURE'S PROPOSED BLOCK GRANT PROGRAM

At the time of our review, the Administration had proposed a comprehensive block grant program to consolidate the 15 feeding program elements currently administered by the Department. The program would authorize the Secretary, at his discretion, to distribute agricultural commodities to the States in lieu of amounts payable to them under the block grant program. To insure surplus commodity removal, the Secretary could, under the proposed program, issue vouchers that would enable the States to buy foods specified by the Secretary or reimburse the States in cash for all or part of the purchase price of commodities specified by the Secretary.

The Secretary would be required to give adequate notice to the States regarding the availability of commodities, the total value of which would not exceed 40 percent of the grant made available to each unless so requested.

The amount of commodities to be authorized under the proposed grant program--a flexible ceiling of 40 percent of the value of the combined funding for the 15 feeding program elements--could greatly exceed the amount of commodities donated to the schools under the current programs.

- - - -

There is the possibility that going to a total cash system in lieu of Federal commodity donations would hinder achievement of the Department's surplus removal and price support programs unless the purchases of approximately 90,000 schools could be coordinated, within specified time frames, to buy assigned quotas of designated, domestically produced commodities from areas where surpluses were greatest.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Although improvements along the lines discussed in this report are needed, the Department's surplus removal and price support programs go a long way toward meeting the needs of local school districts.

Many problems encountered in using donated commodities in the school lunch program could be resolved if districts' needs and preferences were given adequate consideration by the States and were reported to FNS.

FNS has recognized the need to obtain information on the commodity preferences of school districts and has established procedures to obtain such information through the States. The preferences reported by the States are given a high degree of consideration in the Department's formulation of commodity purchase plans for the school lunch program. However, FNS needs to take adequate steps to insure that States are obtaining input from school districts and that the reported preferences are based on, and accurately reflect, the views and preferences of school districts. This, in turn, could minimize situations in which districts are offered commodities that are in amounts excess to their needs, are not in the desired form or size, or are difficult to use in some lunch preparation systems.

Better recognition of school district needs also could lead to some adjustments in the Department's purchasing of commodities to remove surpluses, to support prices, or to provide "traditional" items and could help reduce problems caused by districts being provided commodities that have limited appeal or that are received too late in the school year to be efficiently used.

Accurate identification of districts' preferences and needs, elimination of limited-appeal commodities, and more timely distribution of some commodities could

--increase Federal assistance to school districts which have refused large quantities of some commodities in the past;

--reduce storage, administrative, and processing costs; and

--reduce plate waste resulting from servings of limited-appeal commodities and repetitive servings of commodities received in excessive amounts or late in the school year.

At present, Kansas is the only State eligible to receive all cash in lieu of any donated Federal commodities. According to school officials in Kansas, this arrangement eliminated various inconveniences associated with the earlier commodity program and provided more menu variety. Many districts, especially the larger ones, would prefer to receive cash in lieu of commodities. Although commodity costs to the larger districts seem to be comparable to those of the Department, costs to the smaller districts appear to be higher.

Officials at all levels of the program recognize plate waste to be a problem and believe that nutrition education, more menu variety, and a better lunchroom atmosphere are the primary solutions. There is a difference of opinion between some school officials and FNS officials as to whether the Type A lunch requirement is a primary cause of plate waste.

It would be beneficial to include as an option to the Type A pattern a method, such as a nutrient standard, that would enable districts to count toward a school lunch requirement the combined nutrient values of the different food items served, even though all the required quantities and types of food in the Type A pattern were not served. Such a modification would permit more flexibility in menu planning and give the school districts the opportunity to experiment with menus which could result in better use of commodities and more desirable meals and therefore less plate waste.

RECOMMENDATIONS TO THE SECRETARY OF AGRICULTURE

To improve the effectiveness of the school lunch program, we recommend that the Secretary of Agriculture:

--Establish procedures to insure that school districts' views on commodity needs, type, size, form, and quantity are fully and accurately reflected in State preference reports and are considered in the purchase and distribution of Federal commodities by the Department and the allocation of commodities to districts by the States.

--Establish procedures to require States to pass on to the school districts all commodity options offered by the Department.

--Expand the procedure of polling the States on the acceptability of commodities to include traditional as well as nontraditional items and to require the States to obtain district input when polls are taken.

--Identify and implement ways to improve the timing of Federal commodity deliveries.

--Establish a procedure for systematically reviewing the costs and benefits of providing commodities in more acceptable form and quality.

--Undertake greater promotion of nutrition education as a part of school health programs as one means of trying to reduce plate waste.

--Make greater efforts to encourage State and local school authorities to improve school lunch facilities and atmosphere.

--Require States to give districts more advance notice of commodity deliveries.

--Include a nutrient standard as an option to the Type A lunch pattern to provide menu planners with greater flexibility in using commodities.

AGENCY COMMENTS

In a letter dated January 11, 1977 (see app. III), the Department of Agriculture stated that it generally agreed with the conclusions and findings in our report and that the conclusions were fully consistent with the Department's experience in administering the programs. The Department stated that the report accurately presented its current policy positions, ongoing commodity donation operations, and the problems and solutions associated with plate waste. The Department stated that it would make every effort to implement our recommendations at the national level and would continue to cooperate with the States and encourage them to work with their local school districts toward an improved and effective school lunch program.

CHAPTER 7

SCOPE OF REVIEW

We made our review of the commodity donation program at the Federal, State, and local school district levels. In Washington, D.C., we visited the headquarters of FNS, ASCS, AMS, and the Animal and Plant Health Inspection Service and discussed the legislation, policies, and procedures applicable to the commodity donation program as carried out by these agencies with agency officials. We reviewed complaint files, correspondence files, procurement records, inspection reports, and other pertinent documentation. We visited FNS regional offices in Chicago, Illinois; Princeton, New Jersey; and San Francisco, California; to discuss regional policies and procedures and to review pertinent documentation on the implementation of the program. We also visited the AMS field office in Van Wert, Ohio, to observe grading procedures.

We visited State agencies involved in commodity distribution in California, Missouri, Ohio, and Pennsylvania to discuss their procedures for obtaining input from local school districts, allocating commodities, and handling complaints. We visited the State agency that handles the cash disbursements in Kansas to discuss its experience under the cash program.

To appreciate how the commodity distribution program impacted on the operation of the school lunch program in schools of different sizes, we selected and visited one very large, one medium sized, and one small school district in each of five States--California, Kansas, Missouri, Ohio, and Pennsylvania. Places visited included school district kitchens, business offices, warehouses, and lunchrooms. We visited schools in Kansas to compare their experiences under a cash only program with the experiences of similarly sized schools receiving federally donated commodities.

CHARLES A. VANIK
TWENTY-SECOND DISTRICT, OHIO

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August 13, 1975

Mr. Vince Griffiths
General Accounting Office
Washington, D.C.

Dear Mr. Griffiths:

Enclosed herewith please find a copy of a letter and enclosures which we have received from George Theobold, Deputy Superintendent of Cleveland Public Schools in regard to the difficulties which they have experienced in commodity delivery service of the United States Department of Agriculture. [See GAO note below.]

I would like this letter and the enclosures fully reviewed and a study made by the General Accounting Office in regard to the complaints which are contained herein. There are many serious problems highlighted in this report which are worthy of a study by GAO. Ms Kathy Gallo is in charge of the administration of this program in Cleveland and she is fully prepared to further document the charges which have been made.

Thank you for your assistance in this matter.

Sincerely yours,

Charles A. Vanik
Member of Congress

CAV:pm
Enclosures

GAO Note: The enclosures are not reproduced in this report.

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November 18, 1975

Honorable Elmer B. Staats
Comptroller General of the
United States
Washington, D.C.

Dear Sir:

It is my understanding that my colleague, Congressman Charles Vanik, has requested the General Accounting Office to conduct a nationwide study of the commodity distribution program as it relates to the National School Lunch and Child Nutrition Acts. I am writing to you in order to join in this request of Congressman Vanik and to request that you conduct this audit for the Committee on Education and Labor.

During the upcoming year, the Subcommittee on Elementary, Secondary, and Vocational Education will be conducting extensive oversight hearings on the administration of the National School Lunch and Child Nutrition Acts. The audit which we are requesting on the commodity distribution program as it relates to those Acts will, therefore, be most useful to us during these hearings.

Thank you for your attention to this matter, and I know that your work will be most useful to the Committee.

Sincerely,

Carl D. Perkins
Chairman

CDP:jp

UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE
WASHINGTON, D.C. 20250

JAN 11 1977

Mr. Henry Eschwege, Director
Community and Economic Development Division
United Stated General Accounting Office

Dear Mr. Eschwege:

We agree in general with the findings and conclusions contained in the draft of your Report to the Committee on Education and Labor, House of Representatives, on the Impact of Federal Commodity Donations on the School Lunch Program. We find the conclusions--particularly your primary one that, "the Department's surplus removal and price support programs go a long way toward meeting the needs of local school districts--to be consistent with our own experience in administering the programs.

The Department's current policy positions and ongoing activities of the Food and Nutrition Service regarding donations of agricultural commodities and other foods to the Nation's schools and the problems and solutions associated with plate waste are, we believe, accurately portrayed in your draft report.

As a result of these findings, we will further emphasize to the States the need for improved communications and cooperation between State and local school districts on the program areas covered in this report. The following comments are furnished, on behalf of the Department, relating to the report and your recommendations:

1. "Establish procedures to insure that school districts' views are reflected in preference reports and considered in the purchase and distribution of Federal commodities. . ."

   --FNS will emphasize to States the need for wider dissemination of the preference report to their school districts. States will be required to notify FNS of the number of school districts they supply with the preference report and the number responding, and they will be encouraged to include their large and small districts, and those districts that have central preparation centers and unique preparation and delivery problems. While it might not be practical to obtain the views and preferences of the approximately 16,000 local school districts (90,000 schools), this procedure should produce accurate representative data.

The preference report itself will be revised to allow States to indicate the number of servings of each commodity they would like to receive. This will be an additional preference guide, as well as an indication of acceptable quantity.

The revised form will also provide an opportunity for States to identify the foods they consider least desirable.

2. "Establish procedures to require States to pass on to the school districts all commodity options offered by the Department."

--States will be encouraged to offer all options made available by FNS to all school districts, and FNS Regional Offices will be instructed to conduct appropriate follow-up procedures.

3. "Expand the procedure of polling the States on the acceptability of commodities to include traditional as well as nontraditional items and to require the States to obtain district input. . ."

--At the present, all States are polled on the acceptability of any nontraditional food or one that has not been distributed in the past few years. FNS does not always poll States on acceptability of items traditionally furnished with section 32 funds, but does systematically verify with States that the quantities and timing of deliveries are acceptable. FNS assumed that State responses were based on appropriate input from school districts.

Since this study was conducted, the Department has instituted a policy of permitting States to requisition section 416 commodities in CCC inventory as needed within an overall dollar limitation. This has already had the effect of a net increase in distribution of such traditional items, because the States can obtain the quantities they can use, and decline without disadvantage items they prefer not to receive.

In the future, the need for local input concerning commodity acceptability will be stressed.

4. "Identify and implement ways to improve the timing of Federal commodity deliveries."

--The Department is required, for the most part, to give first priority to items in surplus and in need of price support, so that controls over the timing of availability and deliveries are often restricted. However, the Department has made purchases earlier in the current school year, thus insuring earlier deliveries, and

States are now asked to specify on their individual orders the portion of the shipping period most suitable to their ability to accept commodities. Greater efforts will continue to be made to achieve improvements and we will encourage the States to establish similar procedures to the extent possible in making deliveries to their local districts.

5. "Establish a procedure for systematically reviewing the costs and benefits of providing commodities in more acceptable form and quality."

--The Department continuously reviews ways to improve commodity acceptability, whether by purchasing traditional foods in a more convenient form, initiating purchases of new foods, or developing or improving specifications. Some examples of more convenient or new products are turkey rolls, cooked breaded chicken, and frozen vegetables. New specifications have been developed for four types of flour for baking, and existing specifications have been improved for canned poultry and vegetables. Also, considerable cost savings have been realized by the Department and by school districts from purchases of frozen orange juice in a more concentrated form and transportation savings have been realized from bulk shipments of the frozen orange juice concentrate and bulk flour for baking. We will strive to continue exploring ways and means of making further progress in this area.

6. "Undertake greater promotion of nutrition education as a part of school health programs as one means of trying to reduce plate waste."

--The Department lacks legislative authority to require nutrition education as a part of school health programs. While we do strongly encourage local school districts to include such activities in both classrooms and lunchrooms, the Department is specifically prohibited under Section 12(c) of the National School Lunch Act from imposing. . . "any requirement with respect to teaching personnel, curriculum, instructions, methods of instruction, and materials of instruction in any school" as a condition for participation in the Program.

In its efforts to promote nutrition education FNS has provided funds under Section 6(a)3 of the National School Lunch Act for grants to States and contractual agreements for projects in nutritional training or education for workers, cooperators, and participants in the child nutrition programs. From these projects, audiovisual and print materials have been developed for use in the classroom. FNS will continue to encourage school food service personnel to work cooperatively with teachers in their nutrition education efforts through State, regional, and national meetings.

7. "Make greater efforts to encourage State and local school authorities to improve school lunch facilities and atmosphere."

--As stated in your draft report, we agree with many State and local officials who believe that improved facilities with a better lunchroom atmosphere is one of the primary solutions to the plate waste problem. Since Federal Nonfood Assistance Funds are restricted to food service equipment procurement and no funding for building acquisitions, updating or improvements are authorized, the Department's role must be one of encouragement and guidance and actual improvements are local school district responsibilities. Despite restrictive local school district budgets and funding cuts in recent years, the Department has been effective through the High School Participation Study, the joint USDA-ASFSA Child Nutrition Bicentennial Project, and some special developmental projects, funded under authority of Section 10 of the National School Lunch Act, in encouraging improved food service facilities and atmosphere. We shall continue such encouragement through similar promotions, on site review visits, management and technical assistance visits, and workshops.

8. "Require States to give districts more advanced notice of commodity deliveries."

--Improvements can be made, and the Department plans to work out improved delivery techniques with the State Distributing Agencies at the next National Food Distribution Workshop, to be held later this year.

9. "Include a nutrient standard as an option to the Type A Lunch pattern to provide greater flexibility in using commodities."

--The nutrient standard and Type A pattern are two methods of planning menus designed to achieve the same nutrient goal, which is approximately one-third of the Recommended Dietary Allowances for children of various age groups. School foodservice managers who have participated in the pilot studies using the nutrient standard have found limited opportunity to plan meals that meet the nutrient goal of the NSLP over a period of time without including each type of food required in the Type A pattern. The successful application of the nutrient standard method generally requires a totally standardized foodservice system. Because of this, use of the nutrient standard may not result in more flexibility in actual operation of a school foodservice or in more effective utilization of commodities.

> The Department will continue to work with schools to further develop and test the manual and computer-assisted methods of planning nutrient standard menus to determine the viability of these methods prior to considering the establishment of the nutrient standard as an option to the Type A pattern.

In addition to your nine recommendations, the report discussed a total cash system. Such a system would hinder achievement of the Department's surplus removal and price support programs because the purchases of approximately 90,000 schools could not be coordinated, within specified time frames, to buy assigned quotas of designated commodities from areas where surpluses were greatest. Also, assigning quotas of commodities to individual schools has been found not to achieve the purposes of the Commodity Program in that such a procedure does not take into consideration local preferences, storage and food preparation facilities. In addition, such a program would deprive the Department of the options it currently has of reducing or cancelling purchase activities to respond to sudden changes in market conditions.

With consideration of the above comments, we appreciate these recommendations for improving the Department's food donation program and will make every effort to implement them at the national level. We will continue to cooperate with the States and encourage them to work with their local districts towards an improved and effective school lunch program.

Sincerely,

Acting Administrator

SCHOOL DISTRICTS' ENROLLMENT AND NUMBER OF LUNCHES

SERVED IN SCHOOL YEAR 1974-75

Districts	Enrollment	Number of Type A lunches served yearly	Average number of Type A lunches served daily
Larger:			
Los Angeles, Calif.	604,598	45,117,635	253,807
Philadelphia, Pa.	255,159	20,535,070	108,651
Cleveland, Ohio	132,362	12,800,232	71,112
St. Louis, Mo.	82,901	8,496,537	40,620
Kansas City, Kans.	29,115	3,169,998	17,809
Medium:			
Neshaminy, Pa.	12,957	946,589	5,230
Raytown, Mo.	12,115	1,496,850	8,202
Elyria, Ohio	10,758	1,107,999	6,212
Salina, Kans.	9,198	832,257	4,525
Paramount City, Calif.	9,096	663,604	3,814
Smaller:			
Perris, Calif.	1,055	116,293	665
Jenkintown, Pa.	825	24,515	137
Oskaloosa, Kans.	472	62,978	324
Vanlue, Ohio	431	45,946	255
Kingsville, Mo.	292	44,791	248

The Type A Lunch Pattern . . .

The nutritional goal for school lunches is to furnish at least one-third of the Recommended Daily Dietary Allowances of the National Research Council for children of various age groups. The Type A lunch requirements provide the framework for nutritionally adequate school lunches. The kinds and amounts of foods listed in the Type A lunch pattern are based on the 1968 Recommended Daily Dietary Allowances for 10- to 12-year old boys and girls.

As specified in the National School Lunch Regulations, a Type A lunch shall contain as a minimum each of the following food components in the amounts indicated:

MEAT AND MEAT ALTERNATE

Two ounces (edible portion as served) of lean meat, poultry or fish, or two ounces of cheese, or one egg, or one-half cup of cooked dry beans or dry peas, or four tablespoons of peanut butter, or an equivalent of any combination of the above-listed foods. To be counted in meeting this requirement, these foods must be served in a main dish or in a main dish and one other menu item.

VEGETABLES AND FRUITS

Three-fourths cup serving consisting of two or more vegetables or fruits or both. A serving (½ cup or more) of full-strength vegetable or fruit juice may be counted to meet not more than ¼ cup of this requirement.

BREAD

One slice of whole-grain or enriched bread, or a serving of other bread such as cornbread, biscuits, rolls, muffins, made of whole-grain or enriched meal or flour.

BUTTER OR FORTIFIED MARGARINE [See GAO note below.]

One teaspoon of butter or fortified margarine.

FLUID MILK

One-half pint of fluid milk as a beverage.

Add Other Foods not part of the lunch requirements as needed to complete lunches, to help improve acceptability and to provide additional food energy and other nutrients.

To help assure that all Type A lunches meet the nutritional goal, it is recommended that lunches include:

. . . . a VITAMIN A vegetable or fruit at least twice a week.
. . . . a VITAMIN C vegetable or fruit several times a week.
. . . . several foods for IRON each day.

It is also recommended that:

. . . . Fat in the Type A lunch be kept at a moderate level.
. . . . Iodized Salt be used in preparing lunches.

Since younger children are not always able to eat the amounts specified in the Type A lunch, the regulations permit serving these children lesser amounts of selected foods than are specified above.

To meet the nutritional needs of teenagers, the regulations endorse encouraging the serving to older boys and girls of larger amounts of selected foods than are specified in the Type A lunch requirements.

GAO Note: This requirement was eliminated effective June 3, 1976.

FEDERAL CONTRIBUTIONS

TO THE SCHOOL LUNCH PROGRAM

	School year		
	1973-74	1974-75	1975-76 (note a)
	(000 omitted)		
Cash payments to States:			
Section 11	$ 681,540	$ 818,373	$ 980,533
Section 4	407,923	466,856	521,300
Section 6	-	-	32,541
Section 16	-	5,049	5,775
Total cash payments	1,089,463	1,290,278	1,540,149
Commodity donations to States (note b):			
Section 32	118,384	222,284	185,567
Section 416	125,372	125,221	155,652
Section 6	64,320	64,321	79,880
Section 14	-	-	12,369
Total commodity donations	308,076	411,826	433,468
Total Federal contributions	$1,397,539	$1,702,104	$1,973,617

a/Estimated.

b/ Represents the total value of commodity support provided to the States for school lunch and school breakfast programs.

ESTIMATED COSTS PER TYPE A LUNCH FOR 10 DISTRICTS IN SCHOOL YEAR 1973-74 AND 1974-75 1/

Cost category	Ohio				Pennsylvania				California				Missouri				Kansas 5/			
	Cleveland		Elyria		Philadelphia		Neshaminy		Los Angeles		Paramount City		St. Louis		Raytown		Kansas City		Salina	
	School Year		School Year		School year		School year		School Year		School Year		School Year		School Year		School Year		School Year	
	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75
Donated commodities	$.077	$.065	$.042	$.042	$.055	$.060	$.054	$.078	$.047	$.057	$.049	$.068	$.049	$.063	$.065	$.086	$.063	$.020	$.077	$.028
Local food purchases	.380	.421	.417	.412	.380	.410	.320	.363	.266	.306	.240	.271	.356	.330	.304	.301	.402	.402	.317	.371
In-house processing	.306	.369	.331	.376	.285	.295	.269	.336	.357	.395	.322	.338	.183	.224	.243	.280	.334	.339	.245	.287
Outside processing	.009	.031 2/	.011	.004	-0-	-0- 3/	.014	.006	.003	.007	-0-	-0-	.002	.001	-0-	-0-	-0-	-0-	-0-	-0-
Transportation	.044	.050	.022	.022	.036	.034	.004	.006	.009	.009	.010	.011	.021	.017	.003	.003	.005	.007	.015	.017
Storage and handling	.005	.006	.002	.001	.001	.001	.002	.003	.013	.014	.005	.007	.005	.006	.003	.003	.003	-0-	-0-	-0-
Administrative	.009	.012	.021	.027	.198	.197 4/	.052	.052	.017	.021	.038	.041	.073	.086	.034	.044	.065	.069	.019	.022
Other	.012	.011	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	.016	.019	.002	.001	.010	.010	.022	.026
Total	$.842	$.965	$.846	$.884	$.955	$.997	$.715	$.844	$.712	$.809	$.664	$.736	$.705	$.746	$.654	$.718	$.882	$.847	$.695	$.751
Number of Type A lunches served	10,754	12,802	733	1,108	17,026	20,664	1,060	947	41,914	45,178	556	664	8,256	8,497	1,537	1,497	3,055	3,170	781	832

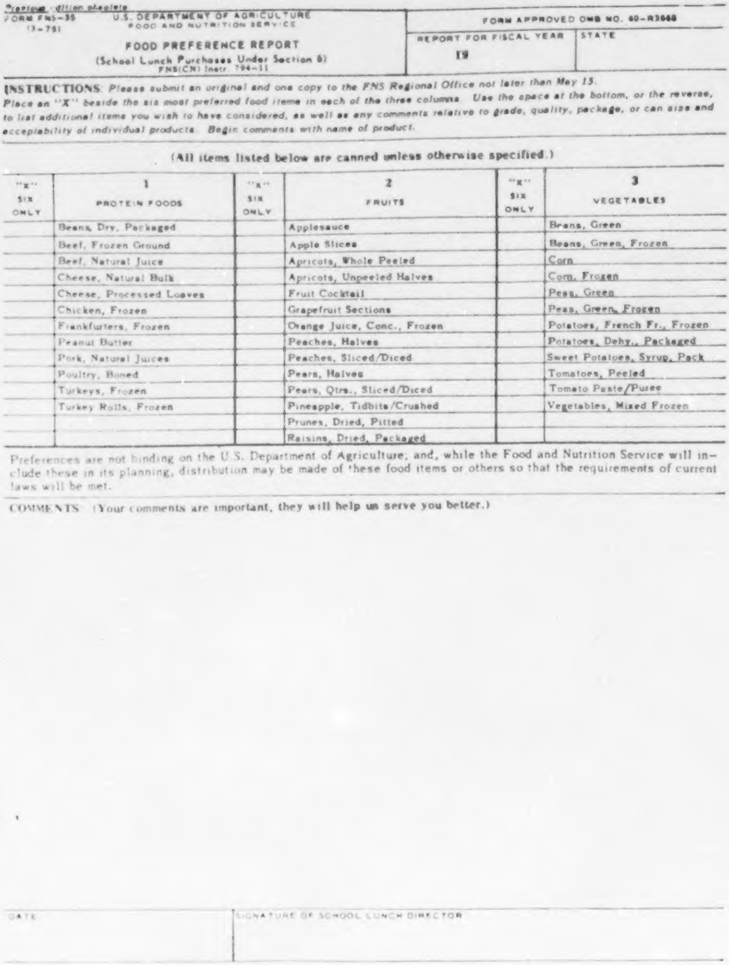
1/The cost records of the districts did not permit the identifying of actual cost data. The estimated cost was determined from available school records and discussed with district officials who agreed that the figures are realistic. Philadelphia estimates include the summer program cost because the cost for the two programs could not be separated. Summer enrollment was 129,000 compared to 20.5 million for the regular lunch program.

2/The district's accounting system only permits identification of a portion of the outside processing cost. The majority of the outside processing cost is included in the local food purchase cost.

3/The district's accounting system does not identify outside processing cost. The outside processing cost is included in the local food purchase cost.

4/A portion of the total Philadelphia District's General and Administrative cost was allocated to the school lunch program based on the program's total cost as compared to the cost of other programs in the District.

5/The two Kansas districts received commodities in school year 1973-74 and cash in school year 1974-75; the commodities used in 1974-75 were carried over from the prior year.



Previous edition obsolete

FORM FNS-35
(3-75)

U.S. DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE

FOOD PREFERENCE REPORT
(School Lunch Purchases Under Section 6)
FNS(CN) Instr. 794-11

FORM APPROVED OMB NO. 40-R3660

REPORT FOR FISCAL YEAR
19

STATE

INSTRUCTIONS: *Please submit an original and one copy to the FNS Regional Office not later than May 15. Place an "X" beside the six most preferred food items in each of the three columns. Use the space at the bottom, or the reverse, to list additional items you wish to have considered, as well as any comments relative to grade, quality, package, or can size and acceptability of individual products. Begin comments with name of product.*

(All items listed below are canned unless otherwise specified.)

"X" SIX ONLY	1 PROTEIN FOODS	"X" SIX ONLY	2 FRUITS	"X" SIX ONLY	3 VEGETABLES
	Beans, Dry, Packaged		Applesauce		Beans, Green
	Beef, Frozen Ground		Apple Slices		Beans, Green, Frozen
	Beef, Natural Juice		Apricots, Whole Peeled		Corn
	Cheese, Natural Bulk		Apricots, Unpeeled Halves		Corn, Frozen
	Cheese, Processed Loaves		Fruit Cocktail		Peas, Green
	Chicken, Frozen		Grapefruit Sections		Peas, Green, Frozen
	Frankfurters, Frozen		Orange Juice, Conc., Frozen		Potatoes, French Fr., Frozen
	Peanut Butter		Peaches, Halves		Potatoes, Dehy., Packaged
	Pork, Natural Juices		Peaches, Sliced/Diced		Sweet Potatoes, Syrup, Pack
	Poultry, Boned		Pears, Halves		Tomatoes, Peeled
	Turkeys, Frozen		Pears, Qtrs., Sliced/Diced		Tomato Paste/Puree
	Turkey Rolls, Frozen		Pineapple, Tidbits/Crushed		Vegetables, Mixed Frozen
			Prunes, Dried, Pitted		
			Raisins, Dried, Packaged		

Preferences are not binding on the U.S. Department of Agriculture; and, while the Food and Nutrition Service will include these in its planning, distribution may be made of these food items or others so that the requirements of current laws will be met.

COMMENTS: (Your comments are important, they will help us serve you better.)

DATE	SIGNATURE OF SCHOOL LUNCH DIRECTOR

COMMODITIES PROVIDED BY FNS

Commodity	School year		
	1973-74	1974-75	1975-76
Section 6:			
Beans, dry		X	X
Beef, frozen ground	X	X	X
Beef patties, frozen			X
Chicken, frozen cut-up	X	X	X
Frankfurters	X	X	
French fries	X	X	X
Orange juice			X
Peaches, canned	X	X	
Peas			X
Pineapple, canned	X		
Pork, frozen ground	X		
Sweet potatoes, canned	X	X	X
Turkey rolls		X	
Section 32:			
Applesauce, canned		X	X
Apricots, canned			X
Beans, dry	X	X	X
Beans, green	X	X	X
Beef, canned		X	X
Beef, frozen ground	X	X	X
Beef patties, frozen			X
Corn			X
Cranberry sauce	X	X	X
Grapefruit juice	X		
Lentils	X		
Milk, whole dry	X		
Orange juice	X	X	
Peaches, canned		X	
Peanut butter	X	X	X
Peanut granules	X	X	
Pears, canned	X		X
Plums, canned	X		
Pork, canned		X	
Poultry, canned boned	X	X	X
Prunes, dry pitted			X
Raisins			X
Split peas, dry	X		
Tomato paste, canned			X
Tomatoes, canned	X		X
Turkey, frozen	X	X	X

Commodity	School year 1973-74	School year 1974-75	School year 1975-76
Section 416:			
Bulgur	X		
Butter	X	X	X
Cheese, bulk cheddar		X	
Cheese, process		X	X
Cornmeal	X		
Farina	X		
Flour	X		X
Grits	X		
Margarine, peanut oil			X
Margarine, vegetable oil	X		
Milk, dried	X	X	X
Oats, rolled	X		
Peanut granules			X
Peanuts, roasted			X
Rice	X		X
Salad oil	X		
Shortening, peanut oil			X
Shortening, vegetable oil	X		
Wheat, rolled	X		

COMMODITIES REFUSED BY STATES IN SCHOOL YEARS 1973-74 THROUGH 1975-76 (note a)

Commodity	Pennsylvania	California	Missouri	Kansas
Section 32:				
Beans, dry	X			
Cranberry sauce	X			
Lentils				X
Orange juice			X	
Prunes, dried		X		
Raisins			X	
Section 416:				
Flour	X			
Milk, dried	X		X	
Oats, rolled	X			
Peanut oil	X			
Rice	X			
Shortening, peanut oil	X			

a/Ohio did not refuse any commodities.

COMMODITIES REFUSED BY
SCHOOL DISTRICTS IN SCHOOL YEARS
1973-74 THROUGH 1975-76

	Ohio			Pennsylvania			California			Missouri			Kansas		
Commodity	Cleveland	Elyria	Vanlue	Philadelphia	Neshaminy	Jenkintown	Los Angeles	Paramount City	Perris	St Louis	Raytown	Kingsville	Kansas City	Salina	Oskaloosa
Section 6:															
Beef patties	x														
French fries		x					x		x					x	
Orange juice (note a)		x	x		x		x	x	x						
Sweet potatoes							x	x	x					x	
Section 32:															
Beans, dry	x	x	x	x	x				x				x	x	
Beans, green			x												
Beef, ground frozen															
Cranberry sauce		x		x	x		x	x	x					x	
Corn			x												
Grapefruit juice		x					x	x	x					x	
Lentils							x								
Peanut butter	x	x	x	x				x	x						
Peanut granules				x		x									
Plums														x	
Poultry, canned				x			x		x						
Prunes, dried	x	x	x	x		x	x		x				x		
Raisins		x	x			x							x		
Tomato paste									x						
Tomatoes, canned							x								
Turkey									x						
Section 416:															
Bulgur							x	x	x				x	x	
Cheese process		x							x						
Cornmeal	x	x	x			x	x		x				x	x	
Farina							x								
Flour		x	x			x		x	x				x	x	
Margarine				x											
Milk, dried	x	x	x	x	x		x	x	x						
Oats, rolled	x	x	x					x					x	x	
Rice	x	x	x					x			x		x	x	
Salad Oil		x	x	x										x	
Shortening, peanut		x		x											
Shortening, vegetable		x						x	x						
Wheat, rolled	x	x	x						x				x		

a/The portion of the orange juice that was refused in school years 1973-74 and 1974-75 was purchased with section 32 funds. The 1975-76 refusals were purchased with section 6 funds.

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VALUE OF COMMODITIES RECEIVED PER TYPE A LUNCH BY DISTRICTS IN SCHOOL YEARS 1973-74 AND 1974-75

State and District	Dollar value of commodities received		Number of Type A lunches served		Dollar value per Type A lunch received	
	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75
	------------(000 omitted)------------					
California:						
Los Angeles	$2,832	$3,798	41,914	4[illegible],178	$.07	$.08
Paramount City	46	69	556	664	.08	.10
Missouri:						
St. Louis	428	764	8,266	8,497	.05	.09
Raytown	105	131	1,537	1,497	.07	.09
Pennsylvania:						
Philadelphia	832	1,475	17,026	20,664	.05	.07
Neshaminy	56	80	1,060	947	.05	.08
Ohio:						
Cleveland	881	1,167	10,754	12,800	.08	.09
Elyria	34	50	773	1,108	.04	.05

Mr. Heftel. One observation, as we part company, is that certainly, it would appear that the school districts or States should have the option to accept or decline commodities without being penalized.

So, a pressure is brought to bear on the agency to be effective in the manner in which it supplies the commodities to the districts.

Perhaps some of the members can recall some of these instances I am going to bring up, but some school districts, or a specific school, decided to buy under contract their lunch programs from McDonald's, and the percentage of increase of the use of the lunches provided at a given cost through the school system when they bought them from McDonald's went up some margin like five to one.

It appears that one thing has constantly been overlooked, and that is, namely, what is it that the children will, in fact, eat? What is occurring when you give them a plate of food you don't want to eat? Satisfy yourself that you provided them with a lunch. Did they eat it? That may be the other element.

What we have to address ourselves to is, in fact, the lunch being eaten by the children? Certainly, if we are using foods that are not interesting to the children—like the overabundance of cranberry sauce—we are not developing the usage of the food itself.

If there are no other observations from the panel, or from my colleagues, we will adjourn.

Thank you very much for being here.

[Whereupon, at 11:10 a.m., the subcommittee adjourned, to reconvene at the call of the Chair.]

[Material submitted for inclusion in the record follows:]

Louisiana Sweet Potato Commission
P. O. Box 113
Opelousas, Louisiana 70570

March 11, 1977

Congressman Carl D. Perkins, Chairman
Subcommittee on Elementary, Secondary & Vocational Education
B-346 Rayburn House Office Building
Washington, D. C. 20515

Dear Congressman Perkins:

It has been brought to our attention there is opposition to H. R. 1139, School Lunch Legislation, in its present form. We are deeply concerned about this opposition who advocates replacing the "USDA's authority to purchase food commodities for school lunch programs" to outright "giving tax payer's dollars to School Lunch Program Directors as cash donations for them to spend as they see fit."

The Louisiana Sweet Potato Commissi[illegible]esents many sweet potato farmers, mostly small to medium in size family uni[illegible], whose livelihoods are greatly affected by the school lunch purchases, as I'm sure it affects most other commodities purchased by the U.S.D.A. These purchases create a stabilized agricultural market in farm commodities and provide great benefits to the school lunch program by arranging purchases during the packing seasons and moving these commodities directly from the farmer to the processor to the using institution instead of through a wholesale grocer in small, inefficient and often costly quantities.

In addition to the economic affects, and more importantly, is the question of nutritional value. We know for sure the sweet potato is highly nutritious in Vitamin A, B_1, B_2, and C. It is an excellent source of Carbohydrates and contains calcium as well as lesser amounts of other nutrients. Other varieties of vegetables, such as corn, beans, peas, potatoes, etc., are equally nutritious. Compare this to cash donations which could wind up being misappropriated or used to purchase items not as nutritious and I think you must admit the child will be cheated out of something somewheres down the line.

We respectfully solicit your wholehearted support of H. R. 1139 and vigorously fight any opposition to this piece of legislation.

With kindest regards, I am

Sincerely yours,

L J Duplechain
L. J. Duplechain
Executive Director

LJD:mtf

A DIVISION OF THE
LOUISIANA DEPARTMENT OF AGRICULTURE
Gilbert L. Dozier, *Commissioner*

The Honorable Carl Perkins
Chairman
Education and Labor Committee
U.S. House of Representatives
Washington, D.C. 20505

Dear Congressman Perkins:

Since I testified March 15 on HR 1139, new information has come to light. That information clears up some troubling questions which arose from testimony by others before the Subcommittee on Elementary, Secondary and Vocational Education. I understand that the Subcommittee will meet again this week, and I trust that it will be possible to enter this new information in the record.

First, about the study that compared lunch costs in Oklahoma schools, which receive USDA commodities, with lunch costs in Kansas, which is the only state receiving cash in lieu of commodities. That study was carried out at Kansas State University, under sponsorship of one or more food industry groups that oppose commodity distribution.

That study originally purported to show that the costs per lunch in Kansas are 2.29 cents lower than in Oklahoma. A second version of the study said it was 1.63 cents lower.

Neither figure is correct, according to information from Oklahoma officials. They state that the study's findings are not valid because they are based on erroneous data about Oklahoma's lunch costs. This is not a matter of interpretation, or opinion. The correct data are available from Oklahoma state officials and can be verified by the U.S. Department of Agriculture.

Here are just two examples of erroneous figures used in the study to compute Oklahoma lunch costs. (Both errors are found on Page 7 of the study report):

-- The cost of USDA commodities issued to Oklahoma schools in fiscal 1976 is not the $5,644,741 listed in a chart on expenditures. The correct amount is $4,908,400. It turns out that the higher figure represents not only the USDA cost of the commodities but also an extra 15 percent that was added in the study to reflect the "value" of the commodities. But this inflated figure, seven pages later, is included in actual costs of Oklahoma lunches. It is an error of $736,341.

-- In the same chart on Page 7, there is another substantial error. This one deals with cash distributed among all states in fiscal 1976 because USDA fell short in contracting for the full volume of commodities. The chart erroneously lists Oklahoma as receiving $915,124 in that category. The correct amount was $471,774. The study erred by close to 50 percent on that item.

Those two examples add up to $1,179,691 in nonexistent lunch expenditures that [illegible] applied to Oklahoma in this study.

Those two errors alone reverse the findings of the study on Page 14. Correction of those two errors alone establishes that the total lunch cost in Oklahoma is at least 1.45 cents lower than in Kansas.

Many valid questions have been raised about the study.

It is obvious, on the strength of only the two cited examples, that the study requires further analysis if it is to receive serious consideration. I am told that John Hooper, commodity distribution officer for Oklahoma, has additional facts about the study that he can present to the Subcommittee.

A second matter on which new information is available relates to statements made before the Subcommittee and in a series of newscasts on a St. Louis television station. Those statements were made by Rep. Gephardt and others.

Now, 22 school lunch directors of the Greater St. Louis area have responded in detail to the television statements and Mr. Gephardt's testimony. I believe they have sent a copy of that response to you, as chairman. I hope that their response can be entered in the record.

Third, testimony was given to the Subcommittee that five states have indicated support for a cash option in lieu of commodities. I believe you will be hearing from some of those five states, who want to make it clear that they favor continuation of the commodity program.

Mr. Chairman, there has been considerable testimony and publicity about commodities, much of it conflicting and much of it off-target.

What is needed on all sides of the commodities subject is a willingness to understand what is at stake -- the building up or the tearing down of the National School Lunch Program, a program that tries to improve the nutrition of American children.

Most of us in school food service are willing to understand that commodity distribution is one practical way to help deal with the ups and downs of our American food crops.

We expect the agriculture world to understand the needs of school food service. We are pleased that USDA now is taking steps to make purchasing and distribution policies more responsive to those needs.

We would hope that local food suppliers understand that commodities are very important to the vast majority of school lunch programs. We would hope that improved purchasing and distribution practices will help remove the more common complaints against commodities by local suppliers.

In the last few years, the amount of food purchased locally has increased enormously, as the school lunch program has grown. Nationally, commodities account for only about 20 percent of foods used in school lunch. The other 80 percent is purchased from local suppliers who also sell to restaurants, hotels, and institutions. Let's work to smooth out the wrinkles in the commodity program, but let's not do anything to cripple it.

Last, we need understanding about the issue of a cash option in lieu of commodities. No program can operate in two directions at once. The effect of a cash option would be to fragment the commodity program and eventually eliminate it. We need commodities.

Mr. Chairman, we in school food service thank you and all the members of your Committee for the patience and attention in studying and acting on a complex subject.

Sincerely,

Josephine Martin (PA)

Josephine Martin
President,
American School Food Service Association

Administrator,
School Food Service Program
Georgia Department of Education

Hazelwood School District

Administration Building
15955 New Halls Ferry Road
Florissant, Missouri 63031
(314) 921-4450

April 10, 1977

The Honorable Richard Gephardt
House of Representatives
House Office Building
Washington, DC 20505

Dear Congressman Gephardt:

As you know from our letter of April 1, many school food service directors in Missouri are very upset at the unfair and unbalanced series on commodities that was presented by KMOX-TV. The Association of Greater St. Louis Area School Food Service Directors now has prepared a statement to KMOX-TV showing how that series went wrong. A copy of that statement is enclosed.

One thing we did not mention in our communication to KMOX-TV:

> Many school food service people feel that certain allegations were made without any identification. We don't know if the sources who told you about "shortening down the drain" and of "cooking in a sink" offered to identify any school alleged to be involved in the story. But the result is that many, many school food service people are maligned, that the public is left with an impression that such unprofessional practices apply generally to all of us.

It is our hope, Mr. Gephardt, that once you have reviewed the enclosed statement, you will be willing to take a fresh look at the entire goal of commodities in the School Food Service Program. We would welcome the opportunity to sit down with you informally and discuss with you all aspects of the Program.

We need your help in order to strengthen the School Lunch Program in school districts of the St. Louis Area. We appreciate your interest in this program and we welcome your support of good nutrition for children. We look forward to working with you on good nutrition for all children in the years ahead.

Sincerely,

(Mrs.) Ruby Chapman
Director of Food Service
Hazelwood School District

President - Association of Greater St. Louis
School Food Service Directors

enclosure

RC/mc

cc Congressman Carl Perkins
Mr. Wilbert Grannemann
Mr. Fred Burrows
Mr. Steve Trenkman
Mr. Stanley Feldman

REACTION TO THE ASSOCIATION OF GREATER ST. LOUIS SCHOOL FOOD SERVICE DIRECTORS TO THE PROGRAM
SCHOOL LUNCH DILEMMA
(aired on KMOX 3-21 '25, 1977)

KMOX-TV during the week of March 21 presented a series of newscasts looking into the distribution of commodities by the U.S. Agriculture Department to school lunch programs.

In the course of that series, untrue charges were presented, minor problems were grossly exaggerated, and the commodity distribution program was wrongly portrayed as one of waste and inefficiency. Accuracy and fairness require that the record be set straight. The misinformation that got into the series could be extremely damaging to the future of the school lunch programs.

The fact is, distribution of commodities has been one of the pillars of the National School Lunch Program. In survey after survey, including a limited one by KMOX-TV, school lunch directors in all parts of the country have overwhelmingly favored continuation of the commodity program.

The KMOX-TV series failed to reflect the true situation, for several reasons. Some very basic information was left out -- information that is needed in order to understand the commodity program.

For example, the series alluded to a study of commodity distribution by the General Accounting Office, but neglected to mention the GAO's principal finding, which was: "Purchase and distribution of commodities for the school lunch program go a long way toward meeting the needs of school districts." We agree with that finding, and with the suggestion that some improvements can make it even better.

The KMOX-TV series did not explain that the commodities furnished to schools nationally by the U.S. Department of Agriculture account for about 20 percent of foods used in school lunch. Eighty percent of the foods are purchased by schools from local suppliers.

Another basic fact that was given only the quickest -- and incorrect -- mention:

Aside from commodities, the National School Lunch Program provides cash to local school lunch programs -- ranging from more than 13 cents per meal generally, up to more than 73 cents per meal served free to needy children. That cash is in addition to the donated commodities, which have an average value of close to 12 cents per school lunch.

Without explaining the cash reimbursements, listeners could not put into perspective the repeated endorsements in the series of "cash-in-lieu-of-commodities."

Worse yet, KMOX-TV viewers had no way of judging unsubstantiated and erroneous charges that were presented in the series as fact.

Critics of the commodity program made many, many unfounded charges. Although local lunch programs buy most of their food locally, some suppliers are not content with their share of the market. They want it all, and that is why some of them want to destroy the commodity program.

Here are some of the ways in which the commodity program was wrongly attacked in the KMOX-TV series:

1. A spokesman for a meat-wholesaling firm, interviewed on the series, charged that schools were receiving so much ground beef from USDA, the schools were forced to serve it every day of the school week.

The charge simply is not true. The state school lunch department can prove that deliveries of USDA ground beef in Missouri amount to only 46 servings per child for the current 180-day school year. That's enough to serve government-supplied beef one day out of four. Some school districts received a delivery of beef late last spring, and may have stored it in freezers for use this year. But that additional supply certainly would not have come close to producing the situation alleged by the interviewed wholesaler.

2. A one-week school lunch menu, listing beef in different forms for each of the five days, was singled out in the series to illustrate the erroneous charge of excessive beef supplies.

That five-day menu is an example of gross exaggeration. The menu was not a typical statewide example, nor did it even represent the menu of a school district, as the source alleged. The menu was from a single school. With 90,000 schools in the National School Lunch Program, a one-week menu from a single school is the weakest kind of argument for attacking the commodity program.

3. Much of the KMOX-TV series dealt with other allegations of large inventories.

Some inventories are large, and there are good reasons. One example, cited in the KMOX-TV series, was that of a school district which has a one-year supply of nonfat dry milk two years after receiving a large delivery. This is not waste. Nonfat dry milk is not distributed each year. It stores well. It will be put to good use.

Most Missouri school lunch directors would say they are happy to have large supplies of commodities, that this has been a good year for the kind and quantities of commodities received, compared to the years when former USDA officials manipulated the program in order to weaken it. Even when wheat and soybean stocks built up again, after the shortages caused by the Russian grain deal, those officials refused to allow distribution of flour and soybean oil to school lunch. Congress passed special legislation requiring them to furnish flour and vegetable oil. They complied, but only with token amounts of those very useful commodities. Considering all the obstacles in the way of commodity distribution, it is a wonder that the program has managed to survive and work so well.

4. At the very outset of the series, a very broad statement attacked commodities as "poor quality food."

The very next sentence in the broadcast referred to a study of commodities by the General Accounting Office. But no mention was made of the GAO finding that while "some quality problems have occurred from time to time, most school districts considered the overall quality of Federal commodities to be good. Spoilage was minimal."

5. The KMOX-TV series reported several charges of poor experiences with commodities, without substantiation. One example was the allegation that USDA-supplied shortening was unusable and therefore was melted and poured down the drain.

This allegation is very difficult to believe. Large quantities of the same shortening have been put to use in many school lunch programs. Not a single complaint against the product has been received by the Missouri state school lunch office. When the same allegation was made by another source, efforts were made to verify the incident, but the source has not responded to requests for further information.

6. In some cases, statements by school lunch directors were cited as examples of major problems. That was the case with the lunch director who reported he had far more peanut butter on hand than he could use for some time.

That was true, but it was not any kind of example of waste. That district's inventory of peanut butter had built up because the district has been receiving unusually good supplies of beef, poultry and other protein foods. As a result the district has made much less use of peanut butter than previously. Periodically, the state school lunch office reviews commodity inventories in the school districts. An oversupply, such as the situation with peanut butter, is corrected by balancing inventories through an established system of transferring unneeded quantities to other districts that have a need for additional amounts. There was no waste.

7. The same school lunch director conceded he was unhappy with the delivery of USDA-supplied butter in the form of 68-pound blocks.

This delivery was a one-time exception to the usual smaller blocks of butter. A quantity of butter in the large blocks was offered by USDA to the state school lunch department -- by phone with an immediate "yes" or "no" required. The USDA representative was not able to say if any butter again would be offered for this school year, or whether or not in preferred sizes. The butter was accepted, and it was distributed to larger distribution centers namely St. Louis, Kansas City, Springfield. One lunch director who said he wasn't happy with the block butter, didn't feel strongly enough about it to bring it to the attention of the state school lunch department. This butter in large blocks was an asset to school food service operations in the state.

8. The same lunch director, asked about other deliveries that he might not be happy with, cited the delivery of turkeys in smaller size than usually furnished by USDA.

The explanation is that turkey growers apparently are confronted by feed costs that make it impractical to carry the turkeys through to the accustomed weight. There is no severe problem in using the smaller turkeys in school lunch programs.

9. KMOX-TV looked into the experience of Kansas which, because of a quirk in legislation, is the one state where commodity distribution was killed and where the schools get cash in lieu of commodities. The charge was made that even though commodity distribution ended in Kansas three years ago, large quantities of USDA commodities still remain -- an alleged example of excessive inventories.

10. The meat distributor, in his segment of the program, referred to a study of cost analysis on Type A Lunches in Oklahoma and Kansas. He indicated there are certain savings per meal in Kansas resulting from cash in lieu of commodities.

We have analized the report and we challenge the accuracy of this statement. In fact, we feel the report indicates a savings in favor of the Oklahoma program. This study and the findings are available for anyone's examination.

To illustrate that example, KMOX-TV showed what it called USDA-supplied nonfat dry milk and frozen orange concentrate. But the products were not USDA commodities. They were commercially purchased products, with the brand names very visible.

-0-

It is distressing that the KMOX-TV series, relying on erroneous information, hammered away at the same proposal that is advanced by opponents of commodity distribution: That schools be given the option of taking cash in lieu of commodities, in addition to the cash reimbursement already provided. That may sound like a reasonable and harmless idea, but it is not.

-- If schools were given the cash equivalent of the cost of the commodities, most of them would get less food for the dollar. Only the very largest school districts have the buying power to get the kind of prices that the Federal government gets when it buys in very large volume. Local school districts would have to make up the difference if commodities were discontinued.

-- Nevertheless, some school districts might be tempted or pressured to try out cash in lieu of commodities. The result would be a divided system, with more complications in administration -- something that we certainly don't need. But more than that, any such weakening of the commodity program would lead in a few years to the complete phase-out of the program.

The commodity program should not be weakened. It should be improved and strengthened. In a program that serves lunches to 25 million children a day, in 90,000 schools throughout the country, it is understandable that commodity distribution doesn't achieve complete perfection in every delivery, every year, with every different type of school lunch operation. But that is no reason to kill a needed program.

The overriding fact is that commodity distribution helps us to provide nutritious lunches at a saving to 25 million American school children daily. And that's what it's all about.

NTF

National Turkey Federation
SERVING THE NATION'S TURKEY INDUSTRY
Reston International Center, Suite 302, Reston, Virginia 22091
Lew Walts, Executive Vice President
☎ 703 860-0120

Mar 10

March 29, 1977

The Honorable Carl D. Perkins
Chairman
House Committee on Education and Labor
2365 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed is a statement in behalf of the nation's turkey industry in support of H.R. 1139, to extend through fiscal year 1982, certain child nutrition programs under the National School Lunch Act and Child Nutrition Act of 1966.

We ask that this statement be made part of the hearing record on H.R. 1139.

Thank you very much.

Respectfully submitted,

GLWalts
G.L. Walts
Executive Vice President

GLW/jca

Enclosure

Glen Harder President
Ted Wassden First Vice President
Taylor Grizzard Second Vice President
Ken Harward Secretary-Treasurer

STATEMENT
of the
NATIONAL TURKEY FEDERATION
to the
SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION
of the
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

Washington, D.C. March 29, 1977

on

H.R. 1139

Pertaining To

THE NATIONAL SCHOOL LUNCH ACT
AND CHILD NUTRITION ACT OF 1966

G.L. Walts
Executive Vice President
Suite 302, International Center
Reston, Virginia 22091

The National Turkey Federation is the only national trade association organized to promote and serve the best interests of the turkey industry in the United States. Included in our membership of 2,500, are turkey growers, primary turkey breeders, hatcherymen, processors and marketers, plus commercial firms providing goods and services to the industry.

The membership of the National Turkey Federation is responsible for the production and marketing of the major portion of the nation's turkey crop and is characterized by many small and medium-size producers depending on a profitable turkey production operation as their only means of livelihood.

During the National Turkey Federation Board of Director's meeting on January 11, 1977, the following Resolution was unanimously approved:

> WHEREAS, the U.S. Department of Agriculture has made good use of turkey in the School Lunch Program and other federal feeding programs, including those involving our elderly citizens, and,
>
> WHEREAS, the utilization of turkey, turkey rolls, and other turkey products provide exceptional nutrition for people of all ages;
>
> THEREFORE, BE IT RESOLVED, that the National Turkey Federation hereby commends the Department of Agriculture for its use of turkey in the various federal feeding programs during 1976, and for the manner in which these purchases were made, and,
>
> BE IT FURTHER RESOLVED, that the National Turkey Federation expresses its appreciation to the Department of Agriculture for the purchase program, recognizing these purchases greatly

assist in stabilizing prices to producers, and urges continuation of purchases of turkey, turkey rolls, and other turkey products, during the calendar year 1977.

It is in this context the National Turkey Federation fully supports the concepts embodied in H.R. 1139 to maintain commodity purchases by the Secretary of Agriculture to support the National School Lunch Program and other food assistance programs.

This legislation provides for the continued use of Section 32 funds to purchase, distribute, and donate nutritious agricultural commodities and other foods to the participating schools and service institutions through fiscal year 1982.

For many years, the Secretary of Agriculture has purchased turkey and turkey products using Section 32 funds. The product thus purchased has been distributed by the Department to largely support School Lunch programs in addition to various other federally-supported feeding programs. Through these purchases, it has been possible for the Secretary to provide a relatively low cost, highly nutritious food item to the recipients, and at the same time, greatly assist turkey producers in stabilizing market prices.

With respect to nutritive values, it has been demonstrated through competent nutrition research, that turkey meat contains an exceptionally high level of protein and certain vitamins, but at the same time is quite low in calories and cholesterol content compared to many other meat food products. Without question, turkey is the perfect meat for growing youngsters requiring high levels of protein and also for the aged, whose needs for high protein and low calorie foods is a matter of scientific evidence.

Due to the seasonal character of turkey production and marketing, it is necessary that a substantial amount of product be stored, beginning midyear in preparation for Thanksgiving and

Christmas marketings. The midyear in-storage movement places growers and marketers in a very weak bargaining position, as the retail demand for turkey is at a very seasonal low. It is at this time of the year that turkey generally is in a surplus condition and represents an excellent buy for the Department of Agriculture in supporting food assistance programs, plus assisting turkey producers by developing a confidence level in the market place through such direct purchases.

It is quite likely that turkey production in 1977 will be somewhat below the record 139 million birds grown in 1976. This reduction in turkey numbers is not by choice, but by necessity. Turkey producers suffered devastating losses last year due to the combination of low markets and high costs, particularly feed, which represents approximately two-thirds of the cost of producing a turkey. However, recent trends in the industry indicate the reduction in the 1977 crop will occur during the first several months of the year. It is anticipated production will increase from present levels, and a substantial number of birds will be available for marketing beginning midyear. It is probable the industry will find itself in a surplus marketing situation at that time when supplies will greatly exceed normal demand.

The suggestion is made that the Committee give serious consideration to provide the necessary authority to the Secretary of Agriculture to greatly increase the volume of commodities purchased and donated for the School Lunch program over and above traditional levels of previous years. Such authority would have two-fold benefits in that (1) the added commodities donated would be instrumental in reducing the per student cost of a hot lunch and build participation within the system; and (2) provide an additional market dimension to turkey producers to more efficiently utilize existing production facilities.

In conclusion, the National Turkey Federation very strongly believes the Secretary of Agriculture must have mandated authority and funds to properly dispose of a surplus of an agricultural commodity which may exist from time to time, or to purchase commodities as needed to sustain federal food assistance programs, irrespective of a surplus situation.

It is further concluded the most effective manner for the purchase of agricultural commodities by the Secretary is through the utilization of a centralized procurement procedure which has been used most successfully in previous purchase programs. The application of such a procedure will generate definite economies to the Department through large-block purchases direct from processors and marketers. This approach eliminates additional marketing charges to schools due to product changing ownership (i.e. through brokers) of market turkeys several times prior to delivery to the School Lunch system. Such large-block purchases will also be significantly effective from the standpoint of more effectively stabilizing producer prices by removing sizeable quantities of turkey and turkey products from regular marketing channels on a scheduled basis.

There is no question that on previous occasions, the Secretary's prudent use of Section 32 funds for the purchase of turkey and turkey products for the School Lunch program has been most effective and helpful by providing a healthful, nutritious meat food product to the nation's school children; assisting turkey producers by establishing a price confidence level in the market place; and doing so without an accompanying dislocation of retail values to the consumer.

GLW/jca
3/29/77

Statement of George B. Watts
President, National Broiler Council
on
H.R. 1139
U.S. House of Representatives
Committee on Education and Labor

Mr. Chairman, the National Broiler Council is the trade association representing producer/processors of more than 75 percent of the total broiler/fryer chicken production in the United States. Broiler meat is one of the most important sources of protein in the American diet and a substantial source of protein for children participating in the national school lunch program. Broiler production in the United States amounts to more than 9 billion pounds per year, and during the present year, the United States Department of Agriculture purchased and distributed more than 40 million pounds of chicken for use in child and adult feeding programs.

Your Committee is considering H.R. 1139, a bill to extend through 1982 the child nutrition programs under the National School Lunch Act and the Child Nutrition Act of 1966. The National Broiler Council supports the continuation of these programs including the USDA commodity purchases which have been such an important part of them.

The National School Lunch Act requires that lunches served by participating schools meet minimal nutritional standards. The Food and Nutrition Service of USDA requires that each school lunch include a protein component, which may consist of two ounces of poultry meat. Cut-up chicken provides an excellent source of protein for school lunches because of its low fat level and its acceptability among students. Purchases of chicken by both the federal government and participating schools meet the school lunch protein requirement at a very reasonable cost.

Just as chicken has been important to the National School Lunch Program, so chicken purchases have been important to producers of broiler/fryer chicken. These purchases have been very important to broiler producers because they have contributed some measure of stability to an inherently cyclical industry.

The following table shows the fluctuating levels of government purchases of frozen cut-up chicken for the most recent eight years:

Fiscal Year	Millions dollars	Millions pounds
1970	17.4	50.5
1971	15.9	52.2
1972	16.0	50.6
1973	34.0	94.3
1974	24.0	51.5
1975	16.1	33.8
1976	25.9	49.8
1977	19.3	40.2

The varying quantities of chicken purchased by the federal government demonstrate that these purchase programs are a flexible tool which can be used to assist producers during times of gross oversupply. During the past eight years the quantities of frozen cut-up chicken purchased by the government have ranged from as much as 94.3 million pounds to as little as 33.8 million pounds and the USDA expenditures on this commodity have ranged from a high of $34.0 million to a low of $15.9 million. A continuing, intelligent government purchase program can be, and should be, one of the most effective available tools to moderate the cyclical periods of surplus and low prices which threaten all producers of agricultural products. Continuation of commodity purchase programs under the H.R. 1139 extension of the National School Lunch Act and the Child Nutrition Act of 1966 is thus in the interests of both the children, who are consumers of school lunches, and the producer/processors of broiler chicken.

In supporting continued USDA broiler purchases for the school lunch program, we are not seeking subsidies or stepping back from the competitive market place. The producers of broiler/fryer chickens can compete with producers of any other protein food on the basis of both quality and price. Broiler producers compete fiercely with each other and it is the very fact of this competition that causes the cyclical and price fluctuations.

We strongly endorse continuation of this program which has helped both students and broiler producer/processors.

NFBA
National Food Brokers Association
The NFBA Building
1916 M Street, N.W.
Washington, D.C. 20036
202-331-9120

April 4, 1977

The Honorable Carl D. Perkins
Chairman
House Committee on Education and Labor
and Subcommittee on Elementary, Secondary
and Vocational Education
United States House of Representatives
Washington, D.C.

Dear Chairman Perkins:

The National Food Brokers Association, representing over 2400 food broker firms who serve as independent local sales agents for a majority of the nation's manufacturers of food products, respectfully requests that the enclosed statement be included in the hearing record on the National School Lunch Act being held by the House Subcommittee on Elementary, Secondary and Vocational Education.

Our members are vitally concerned in the efficient and economical distribution under the School Lunch Act in order that school children be provided with a greater menu variety for more food sources. In this way, commodities best suited to the individual school systems can be effected. Local school foodservice administrators would thus receive the full value of the federal school lunch contributions, and be able to reduce administrative, processing, storage and delivery costs.

We respectfully urge your consideration of the enclosed statement and support for these proposals.

Sincerely,

Mark Singer
Mark M. Singer
President

MMS:Linda Smithson
Enclosure

ORGANIZED
1904

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NATIONAL FOOD BROKERS ASSOCIATION
THE NFBA BUILDING
1916 M Street, N. W. Washington, D. C. 20036

STATEMENT
ON
THE NATIONAL SCHOOL LUNCH ACT

BY

MARK M. SINGER, PRESIDENT
NATIONAL FOOD BROKERS ASSOCIATION

TO THE

HOUSE COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND
VOCATIONAL EDUCATION

April 4, 1977

Mr. Chairman and Members of the Committee, I am Mark M. Singer, President of the National Food Brokers Association (NFBA). NFBA is a national non-profit trade association representing over 2400 food broker firms who serve as the independent local sales agents for the majority of the nation's manufacturers of food, grocery, or related products. On the average each food broker represents 23 manufacturers, providing an economical and efficient sales service to each.

NFBA wishes to thank this Committee for the opportunity to express the views of food brokers on H.R. 1139, a bill that would extend unchanged the National School Lunch Act for five years. The school lunch program, contributing to the nutritional health and well-being of over 25 million school children, has been a national policy for over 30 years. Food brokers support providing for the nutritional well-being of the Nation's school children. However, food brokers believe the school lunch program needs improvement and added flexibility to provide school children an adequate variety of nutritional foods as effectively and efficiently as possible.

Food brokers believe the recent United States General Accounting Office report offers substantial evidence for revision of the commodity distribution program to permit States or school districts the option of accepting cash in lieu of commodities. Currently the commodity distribution program for school lunches has resulted in numerous examples of children avoiding foods resulting in plate waste, distributions of excess commodity supplies to schools, and refusals of unwanted commodity deliveries. The option of cash in lieu of commodities would give each State or school district the right to elect the method of supplying nutritious school lunches to children that is most effective, and economical to meet the school system's needs.

General Accounting Office Report.

On January 31, 1977 the Comptroller General of the United States General Accounting Office issued a report to the House of Representatives Committee on Education and Labor on The Impact of Federal Commodity Donations on The School Lunch Program (CED-77-32). The GAO cited weaknesses of the commodity program by focusing on the need for better identification and consideration of school district needs in supplying nutritious lunches to school children. Districts were being offered commodities with limited appeal, in excess of the amount needed, not in form or size desired, or at times unsuited for delivery.

Refusal of Donated Commodities —

1. Los Angeles and Perris school districts in the last three years refused 86 and 34 percent, respectively, of one of the commodities offered. Perris refused because of lack of storage space and Los Angeles because district quality standards were not met.
2. In February 1976, the Cleveland district refused another commodity because of incompatibility with the food preparation system.
3. Pennsylvania refused 97,240 pounds of a third commodity in 1975-76. In four of the States, 7 of 12 districts refused this commodity in the last three years. Los Angeles refused over 90 percent.

Poor Timing of Deliveries —

1. In school year 1973-74 a commodity was purchased so late it was not distributed to States until the beginning of the following school year.
2. In Pennsylvania a school district was told a commodity would be shipped in December 1974. The commodity was received May 1975, just before the school year end.

Quality problems for school districts attempting to provide school children nutritious lunches under commodity distribution resulted in: a) difficulty or inconvenience in preparing and serving school lunches;

b) reductions in actual Federal assistance of 1 to 5 cents per lunch for school districts refusing large commodity quantities; c) increased storage, administrative, and processing costs, and d) more plate waste caused by servings of limited appeal commodities or repetitive servings of excess commodities. Offering States or school districts the option of cash in lieu of commodities would alleviate such problems for those who desire the flexibility and opportunity to utilize normal efficient channels of food distribution to serve consumable nutritious school lunches to children.

Cash in Lieu of Commodities

Currently, under Section 16 of the National School Lunch Act only Kansas is permitted to receive cash in lieu of commodities. Kansas was the only State to have phased out the commodity program prior to June 30, 1974. Beginning in November 1974, each Kansas school district was paid 10 cents for each Type A meal served, 11 cents per lunch for the 1975-76 school year. The GAO report in evaluating three Kansas school districts found the following benefits to cash: 1) more menu variety for school children was provided; 2) costs were reduced; and 3) inconveniences of the Federal commodity program were eliminated. The GAO report covered a total of 15 school districts in California, Kansas, Missouri, Ohio and Pennsylvania; 12 of the 15 school districts favored cash.

The Kansas experience shows the cash program eliminated the principal inconveniences of menu limitations, receipt of commodities late in the school year, and undesirable package sizes or excessive quantities. For the school year 1973-74 the cash program saved the three Kansas school districts alone - almost $32,000.

Large Kansas school districts could buy food at prices comparable or cheaper than the Department. Small Kansas school districts had higher meal costs but still preferred cash because of better menu planning and reduced plate waste. Cooperative buying by smaller school districts could tend to reduce costs.

A recent Kansas State University study comparing the cash program of Kansas to the commodity program of Oklahoma offers further evidence that greater menu variety is available and meal costs are reduced under a cash program for the nutritional benefit of school children. (Cost Analysis for Providing Type "A" School Lunches -- a study made by Donald B. Erickson, Research Agricultural Economist, Department of Agricultural Economics, Kansas State University, Manhattan, Kansas, March 1977.)

Officials in all nine districts in Missouri, Ohio, and Pennsylvania covered in the GAO report favored cash over commodities. Reasons given were:

1. ability to purchase greater variety of food and provide greater menu variety;

2. reduction of administrative, processing, storage, and delivery costs;
3. use of commodities best suited to its system;
4. receipt of full Federal contribution to purchase more food than now provided.

In a survey by Chairman Perkins of this Committee in which 5000 local school district administrators replied, 35 percent (or approximately 1750) of those preferred cash in place of commodities. This indicates the value of providing to the states or school districts themselves, the option of receiving commodities or cash in lieu of commodities.

Conclusion

Food brokers believe the Government Accounting Office report and Chairman Perkins' survey raise serious questions about the commodity distribution program that must be examined. H.R. 1139, extending the program five years without change, is opposed because commodity distribution problems would be overlooked to the detriment of school children's nutritional well-being. NFBA believes granting States or school districts the right to elect the option of cash in lieu of commodities would improve the school lunch program to the nutritional benefit of over 25 million school children. School systems would then have the opportunity to provide school children with a greater menu variety from more food sources, to utilize commodities best suited to the school systems' needs, to receive the full value of the Federal school lunch contributions, and to reduce administrative, processing, storage, and delivery costs.

The National Food Brokers Association appreciates the opportunity to express the views of food brokers and wishes to continue to work with members of this Committee to improve the school lunch program for the nutritional benefit of school children.

FOODSERVICE
ORGANIZATION
OF
DISTRIBUTORS

1800 M STREET, N.W. / WASHINGTON, D.C. 20036 / (202) 452-8100

March 16, 1977

Representative Carl D. Perkins
Subcommittee on Elementary, Secondary and
Vocational Education
B-346(c) Rayburn House Office Building
Washington, D.C. 20515

RE: H.R.1139 - Extension of Section 14(a) of the National School Lunch Act

Dear Chairman Perkins:

The Foodservice Organization of Distributors (F.O.O.D.) submits the following observations concerning the commodity distribution program to schools, and the extension of authority to purchase commodities on the open market (authorized by section 14(a) National School Lunch Act (NSLA)) provided for by H.R.1139. As food distributors to schools, F.O.O.D.'s nearly 150 members have daily experience in dealing with school food distribution problems.

While F. O.O.D. concurs with many of the statements made at the Elementary, Secondary and Vocational Education Subcommittee's March 10, 1977 hearing on commodity distribution, particularly the conclusions Congressman Gephardt, the National Association of Meat Purveyors and the National Frozen Food Association reached, we believe several comments are in order.

GAO's recent study on "The Impact of Federal Commodity Donations On the School Lunch Program", Dr. Erickson's comparison of the Kansas-

Formerly
Association of
Institutional
Distributors

Oklahoma school lunch programs, the Chicago Tribune's School Lunch Series, and Congressman Gephardt's experiences confirm that immediate and drastic modifications must be made to correct the scandalously wasteful commodity distribution program the nation's schools are burdened with. It seems clear that a thorough re-examination of the programs's basic objectives is long overdue.

F.O.O.D. SUPPORTS CHILD NUTRITION PROGRAM

F.O.O.D. is completely in favor of the Government's Child Nutrition Program, believing it to be one of the Nation's most important programs, and does not question the program's purpose but its implementation. The present commodity distribution system is an anachronism that is administered contrary to the public interest. Persuasive evidence has been offered by those testifying that a substitution of cash for commodities, when and wherever feasible, would substantially reduce the cost and waste of the present troubled program. F.O.O.D. submits that an analysis of the two most important factors in the program, 1) administrative efficiency and 2) nutritional quality, confirm these conclusions.

ADMINISTRATIVE EFFICIENCY

Common sense tells us that the present circuitous procurement system can not possibly be as efficient as purchasing locally. To buy commodities in one part of the country, store them in a number of different locations for long periods of time, ship them across the country and then foist them in huge amounts upon schools with little or no use for much of them is economically untenable. If any confirmation of this is necessary, one need only look to the GAO report to document the enormous administrative and logistical difficulties this system creates.

To effectively coordinate a food distribution system between the Federal government, state government, and 90,000 local schools is admittedly a herculean task. However, if a system of this size and complexity is ever to function well, it must be simplified. The obvious and simplest solution to this chaotic managerial situation is to eliminate the necessity for much of the administration. The evidence confirms this can be accomplished best by the substitution of cash for commodities wherever possible.

For the first time since commodity legislation has come up for review, we now have the Kansas experience to offer as a comparison between the commodity and cash system. Extrapolating from USDA's own figures, Dr. Erickson, in his study of the Kansas (cash) system versus the Oklahoma (commodity) system, was able to determine that an administrative saving of at least $60 million annually would ensue from a complete conversion of commodities to cash. In this period of tight economy and tight budgets, this sort of saving is a compelling reason for conversion to the more efficient cash system.

Moreover, the Federal government should not attempt to compete with private industry in the purchase of commodities on the open market as H.R.1139 condones. Even if the surplus and price support programs remain unchanged, what justification can there be, other than to maintain the government's commodity distribution bureaucracy, for the purchase of commodities without regard to surplus or price support (i.e. on the open market). Stated simply, the Federal government should get out of the business of competing with one of our country's largest and most successful industries, the institutional food distribution industry.

NUTRITION REVIEW

There is a real nutrition problem in the Child Nutrition Program as just about everyone, including USDA, concedes. Unfortunately, the incomplete corrective measures USDA is proposing to cope with the incredible food wastage in the program do not go to the essence of the problem -- all the food in the world, no matter how wholesome, will do the children no good if they will not eat it.

This is the real nutritional problem we are confronted with. It stems directly from the incongruous situation where menus cannot be planned around the student, but must be designed to accommodate the commodities that have been forced through the system. Surely, this is putting the cart before the horse, and calls for a reordering of the program's priorities.

Furthermore, what justification can there be for substituting the nutritional judgments of Washington bureaucrats for the better informed judgment of the local school nutritionists who are familiar with their children's eating habits and the capabilities of their schools' child nutrition program.

RETURN TO BASICS

All of us need to return to basics in analysing the purposes of the Child Nutrition Program. We need to look closely and honestly at the real reason for the program's existence. Is its primary objective to improve the health of the nation's children, or is it to get rid of unwanted commodities?

Even if the program began with the latter objective as the program's cornerstone, it should be clear to all involved that it has grown far beyond that limited reason for being. The Child Nutrition Program is too important to the children and parents involved, and to the nation, to take a back seat any longer to commodity distribution. Surely the program should function for the ostensible reason it exists and for which tax dollars are allocated.

The Government needs to face up to the facts of the GAO report, Chicago Tribune articles, and various plate waste studies which indicate that the child nutrition programs are just not suitable outlets for many of the nation's surplus and price support commodities because of the children's eating habits. Perhaps it is time we look to other outlets, such as charitable organizations, that can more effectively dispose of some of these surpluses.

"POLITICAL CONSIDERATIONS"

With the merits of the relative systems, cash vs. commodities, in perspective, we need to confront the real reason for retention of commodity distribution. The school food service people are behind it. But why? Because commodities are better for the children or the program? No, because they fear that without commodities the school food service program would lose the support of many of the Congressmen and Senators from agricultural states. As a result, this group is willing to put up with the inconvenience and nutritional defects of the commodity program to preserve what they believe to be their base of political support.

Surely these fears are irrational holdovers from the past. School food service is too important to the nation and has too much support to take these dire predictions seriously. If anything, the program should be expanded rather than diminished, but not until we set the present program in order.

CONCLUSION

From the above and from most of what has been written, it is apparent that the cash system is superior. Even the school food service people would concede this if it weren't for so-called "political considerations." After all, when given the choice of cash or commodities, Kansas chose cash, as have all but five states participating in the Child Care Food Program, which provides assistance to day-care centers, settlement houses and head-start centers.

F.O.O.D., therefore, strongly recommends that states be given the option of cash or commodities, so that each state has the opportunity to choose what is best for its children and program. In addition, it goes without saying that the government's purchase of commodities on the open market authorized by § 14(a) NSLA is an intolerable interference with private business and should be terminated.

Yours truly,

William F. Sullivan

William F. Sullivan
Director of Regulatory Affairs

WFS/djd

EXCELLENT
EDUCATION IN
EUCLID SCHOOLS

EUCLID SENIOR HIGH SCHOOL
711 EAST 222 STREET
EUCLID, OHIO 44123

SUPERVISOR OF FOOD SERVICE
MRS. ELIZABETH ZIMMERMAN
PHONE (216) 261-2900

March 21, 1977

Representative Carl T. Perkins, Chairman
House Education and Labor Committee
2181 Rayburn House Office Building
Washington D. C. 20515

Dear Congressman Perkins,

Thank you for your many efforts in securing legislation in behalf of Child Nutrition Programs, particularly as they affect school food service.

I know you are concerned with some of our present commodity problems. I have attached a copy of my letter to Mr. Jerry Boling in which I have commented on the quality of the french fry potatoes we have recently received through the commodity food program.

We appreciate the financial help of donated foods but we need foods that we can use.

With sincere appreciation of your support for Child Nutrition Programs,

Sincerely,

Elizabeth E. Zimmerman
Supervisor of Food Service

EEZ/cw

EXCELLENT EDUCATION IN EUCLID SCHOOLS

EUCLID PUBLIC SCHOOLS
EUCLID - OHIO

EUCLID SENIOR HIGH SCHOOL
711 EAST 222 STREET
EUCLID, OHIO 44123

SUPERVISOR OF FOOD SERVICE
MRS. ELIZABETH ZIMMERMAN
PHONE (216) 261-2900

March 18, 1977

Mr. Jerry Boling
Child Nutrition Program
U S D A
Washington, D. C.

RE: Government Donated French Fried Potatoes

Dear Mr. Boling,

March 17th we received a shipment of donated french fries and today we attempted to use them on our Type A meal.

Both students and staff are disappointed and highly critical of this product. Student rejection was particularly strong. This is a situation we rarely have in our schools so I feel their rejection is well founded.

In writing the specs for french fries why were they not written to obtain a product similar to that used in "fast food" operations. This is the kind of product students recognize and accept. There are many good "slim cut" french fry products on the market so they are readily obtainable.

The 3/8" or 1/2" cut which your specs call for take much too long to heat through so here again the smaller fry would be an advantage in food preparation.

By purchasing the slim shoestring fries you would accomplish two things that are much in the news today. You would reduce plate waste and you would conserve energy.

Please give us products we can use.

Sincerely,

Elizabeth E. Zimmerman

Elizabeth E. Zimmerman
Supervisor of Food Service

CC: Carol T. Foreman
Mr. Russel Circo
Mr. Robert Koon
Mr. Thomas Mc Quade

STATEMENT OF CONGRESSMAN CHARLES A. VANIK (OHIO)

FOR PRESENTATION AT THE HEARING ON THE IMPACT OF FEDERAL COMMODITY DONATIONS ON THE SCHOOL LUNCH PROGRAM

BEFORE THE SUBCOMMITTEE ON ELEMENTARY AND SECONDARY EDUCATION OF THE COMMITTEE ON EDUCATION AND LABOR

MARCH 10, 1977

****

MR. CHAIRMAN, I APPRECIATE THE OPPORTUNITY TO TESTIFY BEFORE THIS COMMITTEE.

IN RESPONSE TO A LETTER FROM ME, DATED AUGUST 13, 1975, THE GENERAL ACCOUNTING OFFICE (GAO) CONDUCTED A STUDY OF THE IMPACT OF FEDERAL COMMODITY DONATIONS ON THE SCHOOL LUNCH PROGRAM. MY REQUEST TO GAO WAS PROMPTED BY A LETTER FROM THE CLEVELAND PUBLIC SCHOOLS REGARDING THE DIFFICULTIES WHICH THEY EXPERIENCED IN THE COMMODITY DELIVERY SERVICE OF THE U.S. DEPARTMENT OF AGRICULTURE.

THE CLEVELAND PUBLIC SCHOOLS DISCUSSED THE NEED TO ACKNOWLEDGE AND RESPECT LOCAL NEEDS AND REQUESTS, CLAIMING THAT THE PRESENT COMMODITY SYSTEM LED DIRECTLY TO INCREASED PLATE WASTE THROUGHOUT THE COUNTRY. THEY ALSO DISCUSSED THEIR PREFERENCE FOR RECEIVING DIRECT CASH PAYMENTS IN LIEU OF DONATED COMMODITIES, SIMILAR TO THE PILOT PROJECT IN USE IN KANSAS WHERE THE STATE RECEIVES FULL CASH PAYMENTS IN PLACE OF ALL DONATED COMMODITIES.

IN RESPONSE TO THE PROBLEMS OF THE CLEVELAND PUBLIC SCHOOLS AND OTHER SCHOOL DISTRICTS, THE GAO RELEASED A REPORT ON JANUARY 31, 1977. I AM IN BASIC AGREEMENT WITH THE CONCLUSIONS AND RECOMMENDATIONS OF THAT REPORT.

I BELIEVE THAT MANY PROBLEMS ENCOUNTERED IN USING DONATED COMMODITIES IN THE SCHOOL LUNCH PROGRAM COULD BE RESOLVED IF DISTRICTS' NEEDS AND PREFERENCES WERE GIVEN ADEQUATE CONSIDERATION BY THE STATES AND WERE REPORTED TO THE FOOD AND NUTRITION SERVICE (FNS). THE FNS SHOULD TAKE ADEQUATE STEPS TO INSURE THAT STATES ARE OBTAINING INPUT FROM SCHOOL DISTRICTS AND THAT THE REPORTED PREFERENCES ARE BASED ON AND ACCURATELY REFLECT THE VIEWS AND PREFERENCES OF THE SCHOOL DISTRICTS. THIS IN TURN, COULD MINIMIZE SITUATIONS IN WHICH THE DISTRICTS ARE OFFERED COMMODITIES THAT ARE IN AMOUNTS IN EXCESS TO THEIR NEEDS, ARE NOT IN THE DESIRED FORM OR SIZE, OR ARE DIFFICULT TO USE IN SOME LUNCH PREPARATION SYSTEMS. ALL OF THESE FACTORS WOULD HELP RESOLVE THE PLATE WASTE PROBLEM.

I ALSO FULLY SUPPORT INCREASED CASH PAYMENTS TO SCHOOL DISTRICTS IN LIEU OF COMMODITIES. SUCH DIRECT CASH PAYMENTS WOULD GIVE THE SCHOOL DISTRICTS GREATER CONTROL AND FLEXIBILITY IN MEETING INDIVIDUAL AREA NEEDS. THIS, I BELIEVE, WOULD GREATLY HELP REDUCE PLATE WASTE BECAUSE OF THE ABILITY OF THE LOCAL SCHOOL DISTRICTS TO MEET THE DESIRES AND NEEDS OF THEIR CHILDREN IN TERMS OF TYPES OF FOODS, AND THE QUALITY AND QUANTITY OF FOOD ORDERED.

THE GAO REPORT ALSO SUPPORTS MY VIEWS ON DIRECT CASH PAYMENTS. IN EVALUATING CASH OR COMMODITIES, THE GAO REPORTED THAT IN THE THREE KANSAS SCHOOL DISTRICTS REVIEWED THAT RECEIVED CASH IN LIEU OF COMMODITIES, VARIOUS INCONVENIENCES ASSOCIATED WITH THE FEDERAL COMMODITY PROGRAM WERE ELIMINATED. ALSO, TRANSPORTATION, STORAGE, AND ADMINISTRATIVE COSTS WERE REDUCED, AND MORE MENU VARIETY WAS PROVIDED. AS A RESULT, OFFICIALS OF THESE DISTRICTS FAVORED CASH IN LIEU OF COMMODITIES. OFFICIALS IN NINE OF THE OTHER TWELVE

DISTRICTS REVIEWED ALSO FAVORED CASH. IN ADDITION, NO STATE OR LOCAL OFFICIAL INTERVIEWED IN KANSAS IDENTIFIED ANY NEW PROBLEMS CAUSED BY THE CASH PROGRAM.

AS AN ALTERNATIVE TO DIRECT CASH PAYMENTS OR IN CONJUNCTION WITH SUCH A PROGRAM, I RECOMMEND THAT PROCEDURES BE ESTABLISHED TO INSURE THAT SCHOOL DISTRICTS' VIEWS ON COMMODITY NEEDS, TYPE, SIZE, FORM, AND QUANTITY ARE FULLY AND ACCURATELY REFLECTED IN STATE PREFERENCE REPORTS AND ARE CONSIDERED IN THE PURCHASE AND DISTRIBUTION OF FEDERAL COMMODITIES BY THE DEPARTMENT AND THE ALLOCATION OF COMMODITIES TO DISTRICTS BY THE STATES.

IN ORDER TO INSURE THAT THIS PROGRAM IS FULFILLING THE NEEDS OF THE CHILDREN AND THE LOCAL SCHOOL DISTRICTS, COMMUNICATION AT ALL LEVELS IS VITAL. THE SCHOOL DISTRICTS MUST BE IN COMMUNICATION WITH THE STATES AS TO THEIR NEEDS, AND THE STATES MUST PASS ON TO THE SCHOOL DISTRICTS THE PROGRAM OPTIONS AVAILABLE SO AS TO BETTER REFLECT THE DESIRES AND NEEDS OF THE DISTRICTS. ONCE PROPER CHANNELS OF COMMUNICATION ARE ESTABLISHED, THEN SUCH PROBLEMS AS IMPROVING THE TIMING OF FEDERAL COMMODITY DELIVERIES, AND THE FORM AND QUALITY OF THE FOOD DELIVERED, CAN BE RESOLVED.

IN CONCLUSION, I WOULD LIKE TO REITERATE MY SUPPORT FOR DIRECT CASH PAYMENTS TO LOCAL SCHOOL DISTRICTS IN LIEU OF COMMODITIES. AND, AS AN ALTERNATIVE OR IN CONJUNCTION WITH THE CASH PROGRAM, I URGE GREATER COMMUNICATION AMONG ALL LEVELS OF DECISION MAKING. IN A FEDERAL PROGRAM LIKE THIS, DESIGNED TO PROVIDE ADEQUATE NUTRITION FOR OUR SCHOOL CHILDREN, THE GOALS OF THE PROGRAM WILL NOT BE ACCOMPLISHED UNLESS THE SCHOOL DISTRICTS ARE CONSULTED IN FORMULATING THE POLICIES THAT AFFECT THEM.

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

TUESDAY, MARCH 15, 1977

House of Representatives,
Subcommittee on Elementary, Secondary and
Vocational Education of the Committee
on Education and Labor,
Washington, D.C.

The subcommittee met at 1:15 p.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the committee) presiding.

Members present: Representatives Perkins, Miller, Mottl, Le Fante, Weiss and Heftel.

Staff members present: John F. Jennings, majority counsel, and Charles Radcliffe, minority counsel.

Chairman Perkins. The subcommittee will come to order. A quorum is present. We will hear from Ms. Josephine Martin first.

[The statement of Josephine Martin follows:]

STATEMENT

Josephine Martin
President
American School Food Service Association

Administrator

Georgia School Food Service
Atlanta, Georgia

H.R. 1139

March 15, 1977

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Mr. Chairman and Members of the Committee,

I am Josephine Martin, Administrator for the School Food and Nutrition Programs in the Georgia Department of Education. I am testifying today as President of the American School Food Service Association. I speak on behalf of the 65,000 members of that Association.

ASFSA members have the responsibility of planning preparing and serving meals under strict standards of sanitation to over 26 million children daily in about 90,000 schools. Great skill and experience is required to perform the functions of menu planning food procurement and storage food preparation, scheduling times of food service, equipment maintanence, fiscal as well as food cost accounting and reporting. Special competence is needed to perform the essential functions of coordinating the actual food service with the classroom instruction in the principles of good nutrition such as participation in menu planning. All of these functions must be carried out under a mountain of very complex and complicated series of federal regulations.

There is no group of public service employees in this nation more dedicated or more interested in the health and welfare of children; at the same time there is no group of public service employees who receive less recognition or less monetary reward for their efforts. The recent Supreme Court ruling excluded operational personnel from the federal Minimum Wage Laws. There is nothing that can be considered as self-serving under the local food service operations. These personnel are dedicated to meeting children's nutritional needs. There are thousands of school food service employees across the country that have a record of 25 to 30 years of service.

I speak in behalf of another group; they are the ones that are never heard. That is, I speak in behalf of the 50 million children who attend school and child care centers eligible to participate in the federal state nutrition programs Along with my colleagues in the 50 states the Virgin Islands, Puerto Rico, the Trust Territories and the District of Columbia, we believe that the child nutrition programs can and do have a positive influence over the present and future nutritional status and dietary habits of children. In addition, the policies of Congress as expressed in legislation and the administrative policies of the federal Executive Branch have much to do with the effectiveness of the child nutrition programs and their overall acceptance among the states and local communities. Policies which require excessive paperwork have the effect of diminishing efforts toward qualitative improvements. I believe with many others that nutritional status affects educational performance. Henry Aaron (Brookings Institute) in a recent report indicated that perhaps child nutrition programs were the only "backdoor approach to education which affected educational performance."

Mr. Chairman, and members of this Committee, I cannot let this occasion pass without expressing deep gratitude for your strong support of the goals of the child nutrition programs. For many years now, most of the initiative and leadership for legislation to expand and strengthen these programs has come from this committee in the House of Representatives and from the Senate Committee on Agriculture and Forestry.

Most of all, ASFSA is grateful for the basic philosophy which this Committee has consistently endorsed to the effect that the child nutrition programs should be operated for the nutrition and education benefits of all children with special emphasis on reaching needy children. The so-called Block Grant approach proposed by the recent administration would have been directly counter to this philosophy!

And, I personally wish to express appreciation for this opportunity which you have granted to us to express our views and opinions in the status and future direction of the child nutrition programs and concerning HR 1139.

Today, four of us from ASFSA will present specific areas of concern. May I present the three other members of the panel: Mary Lou De Zeeuw, Director of Nutrition and Nutrition Education, American School Food Service Association; Faith Gravenmier, Chairman,ASFSA Legislative Committee and State Director of School Food Service. West Virginia; and Ralph Eaton, State Director, North Carolina Department of Public Instruction. We come to you today in the spirit of "Let's work together" to improve and upgrade the quality of program administration and service at all levels of government and to improve program benefits to children with strict accountability for every tax dollar spent.

There are three major isssues that I wish to discuss. They are:

(a) Appropriations for nonfood assistance.

(b) Nutrition education.

(c) Federal Administrative funds for State Educational Agencies and staffing standards.

In addition, I have provided copies of a special paper prepared by ASFSA which is entitled "Background and Issues Paper for the School Lunch and Child Nutrition programs". It covers a wide variety of issues affecting the administration and operation of these programs. I believe that most of them will be covered in subsequent hearings scheduled by the sub-committee.

The first topic I wish to discuss is Nonfood Assistance (Section 5 of the Child Nutrition Act)

The 1978 Budget submitted to Congress by President Ford in January and subsequent revisions submitted by President Carter do not contain any funds for nonfood assistance. I cannot help but feel that this was an oversight or perhaps a misunderstanding of the vital importance of these funds in maintaining and expanding the service of lunches and lunch facts to needy children. Let me explain as follows:

(a) The annual authorization of appropriations for this program element has been $40 million since the fiscal year 1975 and continues on a permanent basis. Actual appropriations, however, have not exceeded $28 million despite sharp increases in the prices of food service equipment. These funds are available only for use in schools serving low-income areas. In addition, a 25 percent matching is required from state and local sources. Additional funds, as shown by USDA studies are urgently needed for repair, maintenance and replacement of existing equipment, especially in the older schools.

Since 1970 a very large number of schools, especially those in low-income areas have initiated food service programs. In very large part, the stimulus for this expansion came from the Congressional directive for program expansion contained in sub-section (e)(1) of Section 11 of the National School Lunch Act. (PL 91-248). Because of lack of food service equipment, the majority of these new programs have been forced to rely on a system of frozen, pre packaged meals. The choice of foods to be offered to children is coorespondingly limited and the total operation has often proved less than satisfactory from the standpoint of acceptance by the children participating. Many of these schools desire to change to an on site food preparation system in order to offer a wider variety of food items and to improve the quality of food service. However, the present level of appropriations for nonfood assistance permits only slow progress in this direction.

I am very hopeful, therefore that the Congress will appropriate the full $40 million for nonfood assistance

Nutrition Education

The National School Lunch Act was approved in June of 1946. Georgia's beloved Senator Richard Russell, along with Senator Allen Ellender and Senator Aiken VT were authors of this Act. As it was originally introduced in bill form, it contained two titles. Title I was approved and is now the basic legislative structure for the school lunch program. Title II of the bill contained both an authorization for grants to state educational agencies for nutrition education in order to provide a total nutrition program for children and to provide personnel. This provision of the bill was strongly supported by the originators of the legislation, especially by Congressman Flanagan in the House and Senators Russell and Ellender in the other body. Title II was deleted in Conference before final passage of the Act in 1946.

Since 1946, there have been proposals before Congress which would have authorized a nutrition education program as part of the School Lunch and Child Nutrition programs. None of these, however, has received serious attention. In addition, individual states and communities have made beginnings toward developing nutrition education program. A number of states have at least one nutrition education specialist on the State level staff.

However, despite the favorable recommendations of professional nutritionists and school lunch administrations, we still lack and seriously need an overall nutrition education program backed by national policies and standards and a modest amount of federal funding to help states to implement the program.

I would like to suggest therefore, that it is time to move in this direction. The lack of nutrition education is a major factor in plate waste and most certainly leads to poor dietary habits both now and in the future. The dollar costs of improper food habits is staggering; the human costs of poor food habits are bewildering.

There is a bill now before the Senate, S 270, which could provide a start toward buildinga nutrition education program which would bring together classroom education on the principles of good nutrition with the application of these principles in the school cafeteria. I am most happy and gratefull that Congressman Perkins has introduced an identical bill. Dr. Arnold Schafer, Director of Ten State Nutrition Survey indicated that probably only where the costs of improper food habits hit the taxpayer through a health care bill, would there be a nutrition education program. We ask your consideration of a small investment in preventive health through nutrition education to reduce the cost of remediation later on.

State Agency Administrative Funds

I am seriously concerned over the fact that the Administration's budget now before Congress calls for a very sharp reduction in State Administrative funds, a drop from the $13 million this year to only $8 million in fiscal 1978. Perhaps, too, this may be an oversight or a misunderstanding. However, if allowed to stand, it would mean that State Agency efforts to improve staffing levels and skills in the money now available would become completely negated by a 40 percent reduction in funds next year.

I would like to give the background of this situation:

(b) Section 7 of the Child Nutrition Act authorizes the appropriation of funds for State administrative expenses. This provision of law has been badly mis-managed by successive administrations in relation to evident need of states for financial assistance in supervising the constantly increasing scope and complexity of the Child Nutrition programs. Primarily due to the attitude of OMB and USDA, budget requests to Congress for this activity have been minimal. Payments of available funds have been delayed or even withheld. Funds for the transition quarter were available for only a few days before the end of the quarter; many states did not have any means of using these funds and consequently it appeared that we did not need the money. A reality, funds received for personnel thirty days before the expiration date are useless. You can't even get authorization from the personnel board in that time. As a result of situations such as this, there have been annual carryovers of unused funds.

Congress has been aware of this situation. In PL 94-105 (October 1975) the USDA was directed to make a special study and report to Congress by March 1, 1976, of the level of funds needed for state administrative purposes. Collections of data and other information from state agencies for the purpose of the study was completed many months ago. However, the decision to release the results of the study is still pending in OMB.

Clearly there is a need for legislative changes to resolve this dilemna. State agencies must have assurance of the level of administrative funds available in advance of each school year, in order to recruit and employ additional personnel needed to administer the child nutrition programs. This type of legislation is in effect for other programs, e.g. Food Stamps etc. In addition there needs to be not only an assurance of funding but regulatory provisions to assure that adequate staffing is provided to implement programs authorized by Congress.

Recent adverse publicity regarding the administration of the programs and the quality of meals served could have been avoided with improved quantity and quality of personnel. If a state agency does not have the administrative guidance for developing the program, it should not be authorized to manage the program. Abuses hurt. There are precedents for federal agencies to give guidance in establishing personnel standards. Now, I do not mean to imply that, the federal agency should prescribe precisely what a state does.

The federal regulations of HEW for skilled nursing homes prescribe minimum training standards for managers and minimum professional standards and amounts of professional supervision required. I would like to see the USDA regulations require that states establish minimum standards for operational personnel and minimum standards for supervisory professional personnel. This simple requirement could go far toward correcting the administration of the program, both at the state and the local level.

Mr. Chairman, your Committee and the members of Congress have expressed a need through legislation for a sound child nutrition program for this country. You have provided through this farsighted legislation for adequate funding. There is a real need to improve the administration and to simplify the management of the programs. The key to this need is an adequate number of qualified personnel with the competence to implement the program. It is unfortunate that the states and the Executive Branch often wait on legislation before taking directions which would obviously correct inequities. We do need stability in the administrative funds, we do need administrative funds to assist local operations; we do need funds for nonfood assistance; we do need funds for implementing nutrition education as a component of the nutrition program. But most of all we need personnel with the competence to implement the programs authorized. Direction from this committee for establishing standards for personnel could have a far-reaching affect toward the simplification and improvement of administration, but most of all toward qualitative improvements in the programs for children.

ASFSA is committed to the program you have provided. We pledge to you our continuing support and our efforts to operate the programs to the best of our ability to carry out the intent of the Congress for sound nutrition programs. Again, thank you for your continuing support.

STATEMENT OF JOSEPHINE MARTIN, PRESIDENT, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Ms. MARTIN. Mr. Chairman and members of the committee, I am Josephine Martin, State administrator of the school food and nutrition programs in the Georgia Department of Education, and also president of the American School Food Service Association.

I am speaking today on behalf of the 65,000 members of the American School Food Association, members who are dedicated to meeting the nutritional needs of young people during the school day and at other times in programs authorized under an act of Congress.

If I may be so bold, I say that I also speak for the 50 million children who are not here to speak for themselves. First, let me express appreciation for your continuing support of the nutrition programs. Your leadership has provided the stimulus for the phenomenal success in legislation and programing expansion.

With the rapid growth, comes growing pains and we, as an association, are ready to face up to those growing pains. In our judgment, the major points of emphasis for the next few years needs to be three: (1) Upgrading program quality; (2) upgrading program administration; and (3) simplification of administration to provide for more emphasis on the first two items.

In your letter, you have asked us to talk today about the nutritional integrity, the alternatives to the type A, nutrition in education, problems in the eligibility process. The American School Food Association appreciates your allowing us to testify in this series of hearings.

With me today are three panelists. Each of us will take a specific area on what you have asked us to discuss. I wish to speak on several points.

The first one I would like to talk on is the nutritional integrity of the program which Mr. Eaton will talk about to some extent later. The National School Lunch Act does provide for the establishment of standards and the Secretary of Agriculture has established standards. The law provides for nutritional standards, however, there are some problems.

Performance in the achievement of these standards depends upon quality food. Many districts coming into the program since the 1970's have had difficulty in securing quality foods because those school districts did not have adequate facilities and consequently, they have had to depend on such things as prepackaged meals.

Little research has been conducted as a basis for establishing quality controls and standards to assure quality of these meals. This is a problem not only in school-board-operated programs, but it is a problem with the food management companies. There is a need for monitoring the quality of meals purchased or served in schools.

This requires development of criteria of quality. Ways must be devised to assure the nutritional quality of all meals served. Those served in school districts where food is prepared on-site, or prepared in central kitchens in the district and also food prepared by food management companies.

In some instances, there is no supervision of the meals which are actually served to the children. The quality of some meals served in some of our programs is better than the least expensive TV dinners in the supermarket.

We do need to have research to assure that we are having available quality meals for the children, and to assure that we have some measure of what a quality meal is. Research is needed to provide methods of producing quality meals for various systems.

There is another reason, or another problem in assuring nutritional integrity. Many school districts have inadequate, obsolete equipment. Some of them have no facilities at all. Public Law 912–48 provided authorization for nonfood assistance funds. The 1977 budget provided $28 million to the State agencies to provide nonfood assistance to local school districts.

The 1978 budget provides no funds. We need to have not only the $28 million as provided last year, but we need to have the full authorizations of the $40 million as a means to assure the nutritional integrity of the meals.

There are still 18,000 schools without facilities. Now, the State directors have mixed feelings regarding the continuation of the 33⅓ percent set-aside for no program schools.

There are mixed feelings among the State directors regarding continuation of the 33⅓ percent set-aside which really sends out some of the money to the States which have no program schools. The objection the States have to this is we are really anxious to see the program extended to all the no-program schools, but when those funds are not used in the no-program schools, it delays the availability of those funds to the program schools until very late in the year. Sometimes it makes it almost impossible to maximize the use of the funds to improve the school nutrition program.

It is generally felt by the State directors that more could be accomplished in improving the quality and nutritional integrity if we did not have this constraint. However, there are some specific States which have new mandates to expand the program into all the schools, and they will certainly need more equipment funds this year.

Performance of nutritional quality depends upon competent administration and supervision. The 1978 budget calls for a reduction in SAE funds from $13 million to $7.7 million. This proposed reduction is a contradiction to the goals established by this committee and by the Congress for expansion of the child nutrition program.

If this should stand, it would be a disaster to State agencies and program management. States would have to actually reduce the staff that they have on board right now. There would be no way for us to continue to work towards nutritional integrity and program integrity if half of the States' funds were cut in half.

We will admit that the entire SAE program has been mismanaged. Inadequate funds, funds that come in too late in the year, no personnel standards or staffing requirements, no unrealistic funding has made it virtually impossible for even the most sophisticated State agencies to make realistic plans for carrying out these programs.

The SAE provisions need revising. There are some precedents that would help design a better approach to SAE. For example, under the HEW programs, the programs that establish standards and regulations for skilled nursing homes, there are minimum standards established for personnel.

It is our feeling that the State agency should establish minimum standards not only for the supervisory, but also for the operational personnel. I hasten to add here that this should be a State prerogative, but the State should be required to establish these standards.

There is also a precedent in the summer feeding program for providing improved SAE funding. Through the summer feeding program there is an allowance that 2 percent for administrative costs is allowed. We think this has great possibilities. The American School Food Service Association will have an amendment on SAE to submit to this committee.

As we think of improving funding for SAE, we also need to think in terms of the minimum standards and amount of staff that we need to assure the quality and quantity of staff we need, and also to provide for nutritional integrity.

Now, for a final word about nutritional education, the cost of poor food habits in America is staggering. George Briggs, testifying before another congressional committee a few months ago said that the cost of health care related to improper food habits was estimated to be $30 billion.

We do not think, when we talk about the cost of nutrition education which would be just a few million dollars a year, we have not taken time to cost out what it costs this Nation in terms of human lives and just plain dollars to have poor health related to poor food habits.

And there is another reason why we need nutrition education. Forty-six percent of the children under 18 have working mothers. This makes it doubly important for the schools to assume the responsibility of relating the school feeding component of the nutrition program to an educational component.

It is time for the development of a nutrition education component. But this idea is not new. In 1946 there was a provision in the original National School Lunch Act which would have provided for nutritional education and personnel standards.

But in 1946 there was disagreement about who should administer such a program. Is that a responsibility of HEW, or is that a responsibility of Agriculture?

The bill which Congressman Perkins has introduced on nutrition education will go far in meeting the objectives that were raised in 1946 and in subsequent years.

That legislation does provide specifically for the administration of a nutrition education component of the school nutrition program. ASFSA has concerns, and these concerns have been identified in the background and issues paper prepared by the association. We have copies of the background and issues statement for all the members of the committee.

This summarizes the concerns of the American School Food Service Association as we see them today.

There is another paper or document which I would like to share with the members of the committee. It was written by a member of the legislative committee of ASFSA. It is entitled "No Fault Nutrition." This paper on no-fault nutrition provides a considerable amount of food for thought. It was written by Dorothy Finch from Grand View, Wash.

We feel that this helps to set the problem of nutritional integrity, nutritional education, and the problems we are concerned with into a proper perspective.

ASFSA is committed to improving the quality of nutrition programs. We need time to get that. We pledge our support to you. We want to assist you in any way that we can to really make these programs truly accountable not only from the standpoint of fiscal accountability, but most of all, nutritional accountability so that they will better serve the young people of this Nation.

Mary Lou De Zeeum will be the next panelist. She is from the American School Food Service Administration.

[Statement of Mary Lou De Zeeum follows:]

STATEMENT

Mary Lou De Zeeuw, R.D.
Director of Nutrition
and Nutrition Education
AMERICAN SCHOOL FOOD SERVICE ASSOCIATION
Denver, Colorado

H.R. 1139

March 15, 1977

NUTRITION EDUCATION AND TYPE A PATTERN

Mr. Chairman and members of the subcommittee: I am Mary Lou DeZeeuw, Director of Nutrition and Nutrition Education, Denver, Colorado. I sincerely appreciate having been afforded the opportunity to testify before the distinguished subcommittee on Elementary, Secondary and Vocational Education. I appear here today as the Director of Nutrition and Nutrition Education of American School Food Service Association to attest to the need for nutrition education and outline a plan of cooperation between school foodservices and the educational team. We must identify a comprehensive national nutrition education policy and appropriate legislation to fund such efforts.

REASONS FOR COMPREHENSIVE NATIONAL NUTRITION EDUCATION POLICY

The 1969 White House Conference on Food, Nutrition and Health focused on the need for national policy on nutrition and nutrition education.[1] Eight years later many of the panel recommendation have not been carried out. Unless we do something now, nutrition education will soon become a mandate necessitated by crisis, rather than the preventative health program it should be. These are additional reasons why we need comprehensive nutrition education in this country:

1. People believe they have an unlimited,wholesome ,inexpensive food supply. This is not the case even in the United States. This year the food squeeze is inevitable due to weather disrupted conditions.

2. People believethat like the theory of osmosis, if you eat a variety of food and in great amounts, nutrition will take care of itself.

3. Everyone is an authority on food, just listen to those around you. Nutrition is a basic human need and the media needed to spread sound nutritional messages are available to advertisers but not readily available to educators knowledgeable about nutrition principles.[2]

4. The marketplace of today has its own set of priorities and health is not one of them.

5. Over-nutrition and lack of exercise and related aspects of the affluent diet promote atherosclerosis, obesity, diabetes and heart disease. Six of the ten leading causes of death are related to nutrition.

6. Increased economy in personal feed budgets leading to increased awareness of what constitutes a nutritious diet would eventually lead to developing better food practices and food conservation habits.

7. The United States is unprepared to deal with the new forms of malnutrition associated with abundance. Health authorities have attested that if money was channeled to eradicate the basis for disease, greater social returns would outstrip the costly curative measures.

8. A new stronghold for preventive medicine must have its basis in an organized , comprehensive national nutrition education policy which would influence the food pantries of the nation.

9. We have provided consumers nutritional information through nutritional labeling yet have not taught them what this information means or how to utilize it through their daily food purchases. We continue to limit our communication to consumers by insisting on food groups as our nutrition education basis.

10. Evidence is apparent that there are children at nutritional risk in more affluent communities.[3]

BARRIERS AFFECTING NUTRITION EDUCATION EFFORTS

Helping people establish and maintain good food habits voluntarily through the educational system has met with numerous barriers:

1. Current priorities by teachers and school administrators have been on the development of academic skills.[4]

2. Interest in nutrition is high but teachers are unfamiliar as to where to begin and reluctant to spend considerable time developing units.[5]

3. Teachers feel inadequately prepared because nutrition courses are not required for teacher certification and nutrition inservice training is minimal and fragmented.[5]

4. Current monies available are spent on high visibility programs including drugs, alcohol, racism, sexism and sex education.[5]

5. Training of teachers in nutrition education is not paid for by school district and scheduled training is usually personally inconvenient.[5]

6. Many school administrators and teaching staff believe children

learn about nutrition at home and everyone eats well.[4]

7. School foodservice expertise is not utilized as a resource for nutrition education or as an extension of the classroom.

8. School board members, superintendents, principals and teachers miss the point when nutrition research makes everyone aware of the inherent relationship between food and behavior-- as a direct result of improved nutrition-- not only for learning, but for wanting to learn.

9. Monies for nutrition education materials, supplies, and teacher-school foodservice training are not currently obtainable from federal nutrition education funds.

10. There is no national mandate for national nutrition education policy as a preventive health measure like established policies entrenched in many poorer countries. Nutrition education was a key recommendation of Third Annual Report of the National Advisory Council on Child Nutrition. The report stressed the importance nutrition education improving the nutritional status of children and adults. Report urged that "...a project-by-project appraoch will not get the job done nationally... it is necessary to make nutrition awareness and concern a significant part of their total educational experience; so the lesson learned in the classroom is constantly reinforced and not lost in the crush of other pressures."

CURRENT SHORTCOMING OF NUTRITION EDUCATION IN CHILD NUTRITION PROGRAMS

President Carter in the October 1976 issue of the School Food Service Journal said:

> " We must incorporate nutrition education into our child nutrition program. It is not enough just to feed our children today. We must educate them for tomorrow."

We have not been educating the total child through current child nutrition programs. Dr. Bruno Bettleheim has repeatedly stated that the two most important human factors affecting the development of a child's personality are "How one is being fed and how one eats." Learning is not only a developmental function of the mind, but also of emotions and the physiology of the individual. Nutritionally sound meals and associated nutrition education programs should be co-partners with the educational system.

During the past few years numerous changes have taken place in current child nutrition programs. How has the socio-economic climate of the United States changed? How does this affect nutrition education efforts? There have been startling changes in education, income and living styles. Each change has a significant impact on food patterns. Since we consider the school lunch program as an integral part of the educational system, we must relate these outside effects to the current issues for promoting a sequential nutrition education program.

First, there has been a considerable increase in the number of working mothers. Two out of five wives now work. Out of a total of 25,169 married women, 45% are in the labor force. Out of the woman who head families (total 4,402) 60% are in the labor force.[6] Secondly, it has been reported by Dr. Philip L. White, American Medical Association, that only about four meals a week are reportedly eaten when all family members are present.[7] Since in so many families both parents work, convenience type foods and fast food operations are more frequently visited. There is a greater trend toward snacking (18,000 food items available for selection in supermarkets) and less emphasis on traditional 3 meals a day as a standard pattern. Young children are more often left to their own resources for meals.

Many schools rely on the vending machine sales to supplement and defray school costs for athletic and music equipment. Children's purchases through the vending machines often cuts their participation in the nutritionally sound school breakfast and lunch programs. School foodservice operations are caught in the current financial crunch of inflation. With school lunch prices increasing, parents with paying children are reluctant to pay increased prices. Therefore, often the child who has not eaten because no one was around to fix breakfast will then skip lunch because of time or money consideration. And there is no reason or explanation given to him why he should eat a balanced lunch.

The fifth point affecting child nutrition programs is the adverse newspaper coverage over the past two years. These headlines have had a direct bearing on the legislation passed by Congress. The general public is concerned about the issues; other groups have continued to attack the school lunch program without validating the implications made concerning food wastes. Isolated incidences of fragmented food waste studies have been found in the Congressional Record. Nutrition education lessons tied with the school lunch program have showed a significant decrease in percentage of foods uneaten once children learned about the foods before they eat the meal.[8] By combining the psychological, social and cultural factors that affect food consumption (by children) with the concepts, facts and terminology which make up the knowledge of the nutrition professional; you can adapt educational intervention methods that will teach children how to make good food choices.

There is no comprehensive national policy that has determined the need for or outlined the scope of nutrition education. Nutrition Education as it exists today is fragmented. Because people do not understand the most basic principles and their application to food selection, they are unable to arrive at meaningful answers to their numerous problems and concerns.

We as nutrition professionals have zeroed in on a small portion of people with crisis intervention instead of giving accurate information to the vast majority of people who also have important nutritional concerns. Through product advertising, the media teaches people how to take better care of their pets nutritionally than how to take care of themselves. Before any nutrition education program is implemented to improve the public's food habits, it is essential that we assess the underlying factors that determine a target population's present food practices. Then we must adapt educational intervention methods and approaches to those factors.[9] This type of assessment can help determine what and how much nutrition instruction is needed. Therefore in some areas intensive teaching of nutritional facts and concepts may be necessary. Other areas may need limited techniques and simple teaching strategies.[10]

SCHOOL FOODSERVICE ROLE IN NUTRITION EDUCATION

Nutrition education is the weakest link in the chain of activities needed to make school foodservice part of the educational team. We firmly believe that a team approach involving administration,students, teachers, school foodservice personnel, allied health professionals and industry is required to implement nutrition education in the schools. Numerous testimonies have highlighted the results of the past six years of special state departments of education nutrition education projects funded by USDA (Section 6 (3) (NSLA). The "National Child Nutrition Information and Education Act of 1977" is an excellent enabling step towards making nutrition education programs a reality. Through approval of expenditures, appropriation of funds and finally implementation of programs we could enact a concerted team approach to nutrition education. In 1975 the Nutrition Education Division of National Diary Council contracted with the National Nutrition Education Clearing House to search and analyze the current status of nutrition education curricula in United States schools.[11] From analysis it was concluded that serious curriculum developers must consider four major areas: [12]

1. Curricula must emphasize student's personal concerns, interests and activities.
2. Social, cultural and psychological aspects of food selection should receive strong attention in nutrition education programs at all levels. "Cultural fair" appears to be a pressing need for new curriculum development. Students should recognize no single nutrition pattern is "best" but rather nutritional adequacy can be achieved by a variety of social and cultural food selection patterns.
3. Effective nutrition education program must have a comprehensive evaluation component. If we expect nutrition education to pay off then

we might best view the interaction of curriculm and the child as an ongoing and long-term evaluation process with the nutrition message positively reinforced through practice. (School foodservice serving as the learning laboratory where nutrition messages are positively reinforced).

4. Any curricula should be adaptable to the diversity of instructional programs in our schools and the variety of teachers and students whom we wish to serve.

In every step there is a viable role for school foodservice programs and personnel to act as the bridge or liasion with other personnel in the educational system. School foodservice can be involved by providing physical facilities, learning laboratory situations, food demonstration materials and opportunities as well as learning experiences which can come from the actual eating meals and/or involvement of youth advisory councils in menu planning and menu merchandising. Depending upon the organizational structure of the school foodservice department at the state level flexibility must be given so that individual and unique circumstances within individual states can be taken into consideration when implementing a nutrition education program. The ASFSA Nutrition and Nutrition Standards Committee has outlined policy statements on (1) Nutrition Education and (2) Qualifications for Nutrition Education Coordinators and Nutrition Education Specialists. As a result of these policy statements the ASFSA Nutrition and Nutrition Standards Committee has recommended the following criteria for implementing nutrition education at the state, district and local levels:[13]

1. A sequentialized nutrition education approach be included as an integral part of the K-12 school curriculum, that the content be multicultural oriented, that such programs shall coordinate classroom instruction with school food services utilizing the learning laboratory and that where appropriate school foodservice professionals serve as nutrition resources.
2. Applied nutrition be taught to teachers by an individual whose specific responsibility is implementation of nutrition education component in the schools.
3. State departments of education include as part of minimum accreditation standards for all classroom teachers course work in applied nutrition.
4. More universities and colleges be encouraged to establish a course in elementary nutrition as part of minimum accreditation standards for teachers.
5. Federal monies be made available for nutrition education training programs utilizing team-teaching approach in applied nutrition for state, district and local school foodservice professionals and teachers.
6. State department of education establish minimum nutrition and management competencies for school foodservice personnel who would have nutrition education team responsibilities with curriculum staffs.

7. Each state agency assess their state's need for a planned sequential nutrition education program in the state and the need for a nutrition education coordinator or nutrition education specialist on the state staff. A state plan of operation would then be developed outlining the proposed program of nutrition education and designating who would be charged with administrative and implementing responsibilities . Appointment of a child nutrition advisory council to recommend plans and guidelines for nutrition education programs. Council will be comprised of inter-disciplinary groups sharing mutual concerns for adequate programs in nutrition at early childhood , elementary ,secondary and special education programs and schools.

8. State nutrition education coordinator's responsibilities would be established by the State Departments of Education based on these qualifications established by professional associations concerned with nutrition education.[14]

9. Direction to the federal administrative agency responsible for overseeing the dissemination of federal monies for nutrition education: information be accumulated and disseminated to all states post haste concerning recommended qualifications for nutrition education coordinators or specialists , competencies for school foodservice personnel and recommended information on educationally sound, sequentialized nutrition education curricula.

In order for the "National Child Nutrition Information and Education Act of 1977" to serve the needs of all children, it is recommended that competencies for a Nutrition Education Coordinator(s) be identified at the State Department of level; and, competencies for Nutrition Education Specialist (s) be identified at district or local levels.[14] Where appropriate, it is recommended a ratio of 1 nutrition education specialist position for each county, and local district with an average daily attendance of 10 thousand children and at least 2 positions for local districts with daily attendance more than 30,000.[14,15] Special considerations would be made which have school populations over 100 thousand. Based upon the state needs assessment for nutrition education, the above mentioned ratios would be altered to meet the identified state needs.

ASFSA Nutrition and Nutrition Standards Committee views the functions of nutritionally trained Nutrition Education Coordinator(s) or Nutrition Education Specialist(s) as :

1. School foodservice and education department expert on nutrition.
2. Advisor on school nutrition needs and coordinator on educational team to implement changes to meet needs.[15]
3. Nutrition consultant and provide inservice education for teacher and school foodservice personnel teams.
4. Developer of sequentialized nutrition units to be used in existing school curriculum. Materials and teaching aids would be coordinated with school foodservice.
5. Community resource consultant to parents, youth, elderly,etc.

5(continued)

Purpose would be to reinforce what school program is teaching.[14]

FELXIBILITY OF TYPE A MEAL PATTERN

The Type A lunch pattern is designed to provide at least one-third of a child's daily food needs as established by the National Research Council. Local school districts have wide latitude in planning meals within this framework. Numerous high schools have offered as many as four different lunch menus daily. Plus now students are only required to take 3 out of the five items served to meet meal requirements. We now live with the law that the nutritional integrity of school lunch program for the secondary student is based upon the nutrition education expertise of the child. Without adequate nutrition education at all grade levels and without adequate training in menu planning and ability to merchandise the balanced meals to students, the "foods uneaten" attacks on the child nutrition feeding programs are going to continue. According to scientific research, a child has no basic instinct which would cause him to select foods needed for a nutritionally adequate diet. Therefore he must be guided into proper choices and given an opportunity to learn to eat a variety of foods. Choice availablity within the Type A provides this opportunity. Nutrition education in the classroom can reinforce this eating experience.

Variety and imagination in menu planning are limited only by the ingenuity of the menu planner and the willingness of the building principal to encourage food flexibility.[16] Criticisms about Type A format being too restrictive is nonsense. Only restriction is self-imposed by people who have limited imagination, resourcefulness and merchandising ability. Plate waste cannot be blamed completely on the Type A Pattern. "Foods uneaten" can be affected by numerous factors-- direct and indirect. Listed below is a brief list of factors that provide a great deal of difficulty of controlling and eradicating wasted food in the school lunch program:

1. Length of meal period. There is a great need to speed up food service to allow maximum eating time during short lunch periods.
2. Grade and age of child.
3. Quality of food served.
4. Packaging appearance of total meal.
5. Quantity of portion size for age grouping.
6. Color and texture of food combinations.
7. Serving temperatures of food.
8. Location of cafeteria, its atmosphere and furnishings.
9. Employee attitudes toward children.
10. Serving methods and recepticles.
11. Teacher attitudes toward program.
12. Parents attitudes toward costs.
13. Sanitation of the cafeteria and kitchen.
14. Meal patterns accustomed at home.
15. Peer pressures and priorities of the day. Why not schedule lunch after recess?

16. Nutrition education efforts within the school.

The school foodservice professional who is not trained in quantity food production or has not mastered basic menu planning skills may find creative menu planning within the Type A next to impossible. However, there are no foods available that fit a nutrient standard approach to menu planning that do not fit into the Type A Pattern. Another factor to increase menu acceptance is to involve the customer-- the students through youth advisory councils. Training and merchandising the finish product to the "nutritionally educated" customer is the key to unlock some of the problems dealing with "foods uneaten" in the school cafeteria.

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STATEMENT OF MARY LOU DE ZEEUM, DIRECTOR OF NUTRITION AND NUTRITION EDUCATION, AMERICAN SCHOOL FOOD SERVICE ADMINISTRATION

Ms. De Zeeum. Thank you, Ms. Martin. Mr. Chairman and members of the committee, I am Mary Lou De Zeeuw, director of nutrition and nutrition education for the American School Food Service Association.

I appreciate this opportunity to testify about the role of the school food service in nutrition education and the responsibilities for utilizing type A meal pattern requirements towards meeting the nutritional needs of our clientele, the Nation's children.

Nutrition education as it exists today is fragmented. It has defeated the effectiveness of utilizing school food service facilities as learning laboratories. This is something the nutrition programs have been hampered by, any comprehensive national nutrition educational policy.

Growing concern for a national policy is that nutrition education will soon become a mandate necessitated by crisis rather than a preventive health program. We, in the United States, will not always have the luxury of an unlimited, wholesome, inexpensive food supply.

This year the food squeeze is inevitable, due to weather disrupted conditions. We have not yet felt the full ramification of food unavailability in America. I would like to cite a few examples of the lack of concern for the present food supply.

According to USDA statistics, an average family of four consumes 2½ tons of food each year. Recent studies have shown that roughly 5 to 15 percent of this food is never actually eaten, but rather it is prepared, served, left uneaten, and eventually thrown out as garbage.

Roughly, that is approximately 600 pounds of food per year per family of four.

Another study in Tucson, Ariz., found residents throwing away 9,500 tons of edible food each year. The amount of food could have fed 13,000 people for a year, or approximately 5 percent of the total Tucson population.

Another survey—this one in the messhalls of the armed services—showed food waste to be about 15 percent of the food prepared at each meal. Recent baseline studies in Reading, Pa., indicated that average food waste from junior high through high school was a mere 10 percent.

As you can see, food waste is not only a child nutrition problem, but this is why it is doubly important that all children and adults are taught to eat a wide variety of foods. As more demand is placed on available animal protein resources throughout the world, people will have to adjust to getting less of their protein requirements from animal products.

People will need to turn to acquiring more of their nutritional requirements from various fruit and vegetable combinations.

Without nutrition education in schools, children reject unfamiliar foods, especially fruits and vegetables. This has led to increased congressional concern over platewaste. Educational intervention methods and approaches can be used to improve food habits.

Through research we have learned that many factors effect how children learn. As more emphasis is placed on students' personal concerns, cultural background, interests and activities, they are more likely to recognize that no single nutrition pattern is best.

Students begin to realize instead that nutritional adequacy can be achieved by a variety of social and cultural food patterns.

H.R. 4753 and Senate 720 bills have been introduced which would tie together the learning laboratories school food service with the educational team. The passage of these bills would be the first step in formulating an educational intervention program which would be combining the psychological, social, and cultural factors that affect food consumption by children with classroom instruction.

This will require additional personnel with specific competencies in the areas of nutrition and nutrition education. These bills would establish the team approach for nutrition education.

That team would involve administration, students, teachers, school food service personnel, and allied health professionals who, in full cooperation, would be reenforcing sound nutritional information in the classroom and the school cafeteria.

By working cooperatively, the professional intervention team would show children that food is more than just a nourishment for human survival and that people depend upon food as a source of pleasure, relaxation, and as an opportunity to socialize.

We know that the best organized and accountable school lunch program in the world will be as effective in teaching the children about food and nutrition as there is active support and involvement of principals and teachers in that program.

And the American School Food Service Association Nutrition and Nutrition Standards Committee has outlined the policy statements on nutrition education. The qualifications for nutrition coordinators and nutrition education specialists among the recommendations is a viable role for school food service programs and personnel to act as the bridge or liason with other components of the educational system.

School food service would be involved by providing the physical facilities, learning laboratory situations, food demonstration materials, and the involvement of the youth advisory councils and menu planning and menu merchandising.

Again, specific competencies through these individuals will require additional training in the area of nutrition and nutrition education.

Improviding the school lunch image requires positive steps to correct the platewaste syndrome. Clearly, some legislative action is required to limit the adverse impact of unrestricted sales of food items in direct competition with the school lunch program.

For instance, even good food, like ice cream, could be competitive with the type A meal if the child is allowed to purchase the item before the scheduled lunch period. The child eats this nutritious item first and then refuses to eat fruits and vegetables because his appetite has been satisfied.

Therefore, blame has often been placed upon the type A school lunch pattern. Variety and imagination in menu planning are limited only by the ingenuity of the menu planner and the willingness of the principal to encourage food flexibility.

The type A pattern does not have to be the crux of the unfinished food in the cafeteria, if nutrition education in the classroom is combined with school food service plus the involvement of parents, teachers, administrators, and most of all, students.

Numerous direct and indirect factors could be used as possible solutions to platewaste, including improving and maintaining high quality food service standards, apportioning service size to age groups, careful attention to menu planning, and speeding up of food service to allow maximum eating time during short lunch periods.

Other factors adversely effecting the control and eradication of wasted food are: (1) The location of the cafeteria, its atmosphere and surroundings; (2) employee attitudes towards children; (3) serving methods and receptacles; (4) teacher attitudes toward the program; (5) parents' attitude towards the cost of the lunch program; (6) sanitation of the cafeteria and the kitchen; (7) meal patterns familiar at home; and (8) peer pressures and priorities of the day.

Mr. Chairman and members of the committee, the implementation of H.R. 4753 or S. 720 would be the cornerstone for developing a uniform national nutrition education program for all children.

We no longer can afford the nutrition education presentation as it is today. We need to re-prioritize our values and work towards authorization and appropriation of these bills. It is the opinion that a national child nutrition education program would bring together in a working cooperative relationship the school food service professionals to plan, purchase, prepare and serve the food to the children with the educational personnel who would reinforce the teaching of nutrition principles in the classroom.

More detailed explanation of these areas will be followed by my full testimony.

Chairman PERKINS. You may go ahead, Mr. Eaton.

[Statement of Ralph W. Eaton follows:]

STATEMENT

Ralph W. Eaton
State Director, School Food Service Division
North Carolina Department of Public Instruction
Raleigh, North Carolina

HR 1139

March 15, 1977

Mr. Chairman and members of the Committee, I am Ralph W. Eaton, State Director, School Food Service Division, North Carolina Department of Public Instruction from Raleigh, North Carolina. I want to thank you for affording me the opportunity to testify.

I appear here today as State Director of the North Carolina School Food Service Division representing the American School Food Service Association in support of HR 1139 .

The implementation of the Free and Reduced Price Meal Policy has become a cumbersome and costly segment of the National School Lunch Program, School Breakfast Program and Special Milk Program. It consumes excessive amounts of time on the part of education personnel - administrative, teaching and support - resulting in many instances in dollars which were intended to improve the total educational program being spent to implement the Free and Reduced Price Meal and Milk Policy.

Recently a survey was conducted by several members of my staff to determine the total cost of implementing the Free and Reduced Price Meal Policy in Anson County, North Carolina. Anson County was selected because the collection methods being used there are used by the majority of the schools in the state.

Schools with grades K-8 are using collection method 1B as defined in the Free and Reduced Price Meal and Milk Policy:

> "1) (b) Students go to designated areas (e.g. school office, cafeteria manager's office, school nurse, etc.) at varying times during the day. At such times those who pay reduced price do so and are issued a numbered ticket or token good for either a day or week as the case may be. Those who pay full price may do so. Those students paying full price on a daily basis may pay cash on the line. Weekly tickets may

be sold at a slight discount (e.g. daily cash charge 30 cents, weekly ticket $1.25). Those students who receive free meals are given their ticket or token. All tickets or tokens are identical, except for code numbers known only to authorize school personnel and used for accounting purposes. At all times, when paying, when tickets or tokens are issued, and at breakfast and/or lunch the anonymity of free and reduced price recipients is protected."

Schools with grades 7012 are using collection method 6B as defined in the Free and Reduced Price Meal Policy:

> "6) (b) The homeroom teacher will have each child come up to her desk individually and state whether he is going to eat the school lunch that day. The teacher will have a list of which children pay full price, reduced price, or receive free lunches and will collect accordingly. The homeroom teacher accompanies the class to the lunchroom, makes a daily report of the number of lunches and turns in money collected."

The Anson County Public School System is currently participating in the National School Lunch Program and the Special Milk Program with eighty (80) percent of the pupils qualifying for free meals and milk and another six (6) percent eligible for reduced price meals and milk according to the Secretary's Income Poverty Guidelines.

In order to implement the Free and Reduced Price Meal Policy, the Anson County School Food Service Director and her secretary are required to buy advertising in the local newspaper to advertise the income guidelines as required by federal regulations. They must also purchase a year's supply of coded tickets for paid, reduced and free meals at the junior high and high school. It is then necessary to duplicate one copy of the entire Free and Reduced Price Meal and Milk Policy for each of the 10 principals, each Board of Education member, and the Superintendent and Assistant Superintendent. They then duplicate one copy of the Application for Free and Reduced Price Meals and Milk for each pupil expected to enroll during the coming year.

These policies and applications are sent to each school where they are collated, stapled together and distributed to the appropriate persons.

On the first day of school an application is given to each pupil in each school to be completed by ~~parents~~ parent or guardian and returned for approval. Pupils return the applications to their homeroom teachers. The teachers screen the applications to insure that they are completely recorded with all information necessary to approve or reject the application. In many instances, all necessary information has not been provided and the application must be returned to the pupil to be carried back home to be completed by his parents. This may be done several times until all necessary information is supplied on the application form. Where parents are illiterate or cannot understand the form, a principal, teacher, or social worker may work directly with them at their home or by telephone in order to obtain this information.

In the elementary schools, completely recorded applications are turned in by the teachers to all principals to be approved or disapproved by him/or her strictly according to information provided on the form. The principal informs each pupil who applies that his application has either been approved or denied and provides teachers with a list of pupils in her/his classroom who have been approved to facilitate the collection of meal payments from paid pupils.

With an 86% needy factor in Anson County, the majority of the classrooms have at most 3-4 pupils required to pay for their meals. While every effort is made by the administration to protect the identity of those receiving a free meal, the pupils receiving free meals often identify themselves in conversations with other pupils. This has resulted in much resentment on the part of both pupils who are required to pay for their meals and their parents - particularly in the situation where only one child in the class has to pay.

Teachers collect money for meals and milk in the classroom, turn money and a daily report in to the school food service manager in a manila envelope. The manager keeps daily participation records, financial records and deposits money into central school food service bank account.

In the junior high school and senior high school, applications are given to each pupil on the first day of school to be completed by their parent or guardian and returned for approval. Homeroom teachers turn applications received to the principal who assigns the guidance counselors and secretaries to review and approve applications. They may be returned to the pupils several times. ~~before all information necessary for approval is provided. Pupils and parents are notified by principal as to whether their application has been approved or denied.~~

Tickets are provided to pupils receiving a free meal weekly or monthly in several designated places in the building by the secretaries. Pupils paying for their meals may purchase weekly or monthly tickets or pay on the serving line. Money is turned in by secretaries to the school food service manager who records participation reports, financial reports and deposits cash in ~~school food service~~ bank account.

At any point during the year that pupils enter the schools, principals are responsible for processing applications and updating records. When pupils withdraw from the school, the principal is responsible for insuring that a copy of the application accompanies the pupil and that the application on file is dated and placed in the inactive file.

Approximately 9,000 hours of non-program time are required to implement the Free and Reduced Price ~~Meal and Milk~~ Policy at a cost of almost $60,000.00 (Addendum #1, #2, #3) This is time paid for by the local Board of Education and which was originally intended to contribute toward the total education program of the schools. Pupils in these schools lose almost 8,000 hours per year in teachers time which could be spent for educational purposes if the teachers were not involved in the implementation of the Free and Reduced Price Meal and Milk Policy.

In addition to the time involved by the educational personnel in the implementation of the Free and Reduced Price Meal ~~and Milk~~ Policy, there is a cash cost of nearly $1,000.00 involved in advertising and reproducing policies and applications.

These costs in both time and dollars could be eliminated with the implementation of a Universal Lunch Program which would provide federal reimbursement for all meals served to children at 75% of cash cost of program with states providing 20% and local funds the remaining 5% based on a national average cash cost per plate. (Addendum #4). It is recommended that the state contribution be increased at this time by 2% each year until the 20% goal is achieved.

The implementation of a Universal Lunch Program would greatly simplify the administration of the National School Lunch, School Breakfast and Special Milk Program on the federal, state and local levels to the extent that funds now required to implement the Free and Reduced Price Meal Policy alone would in many unit offset the cost of introducing a non-pricing program.

In the survey conducted in Anson County, it was ascertained that the local Board of Education could instigate a non-pricing program by contributing an additional $40,000.00 to the program annually. (Addendum #5). This is considerably less than the almost $60,000 they are now spending to implement the Free and Reduced Price Meal and Milk Policy. However under current regulations they must continue to fully administer the Free and Reduced Price Meal and Milk Policy even if they implement a non-pricing program. insert

For these reasons, I respectfully request that this Committee consider seriously recommending legislation leading to the implementation of a Universal Lunch Program as early as FY 1978.

Addendum #1

Current Cost of Implementing Free and Reduced Price Meal and Milk Policy in Anson County, North Carolina

Administration -	586	x	$8.69/hr.*	=	5,092.34
Faculty	7,998	x	$6.59/hr.*	=	52,706.82
Support	311	x	$3.00/hr.	=	933.00
	8,695 hours				$58,732.16

*Average Annual Salary:

Faculty	$10,537.90
Administration	17,387.10
Support	3.00/hour

Paper 11/34/case x 12 cases =	136.08
Stencils	12.53
Postage	.75
Advertising	42.00
Manila envelopes	349.83
Teachers report	11.34
Tickets - Anson Jr. & Bowman Sr. Hi.	133.95
Labor - 2 weeks running off applications and policies	275.97
Total cash cost	$962.45

Addendum #2

Time Required to Implement Free and Reduced Price Meal and Milk Policy
Anson County, North Carolina

	IMPLEMENTATION				APPROVAL				COLLECTION			MAIN-TENANCE	
UNIT TOTALS	Collect, collate, distribute Appl. to teachers	Master file and file applications	Receive completed application from pupil		Screen completed applications	Approval			Collection of money and tickets	Distribute tickets		Transfers and withdrawals	
Administration		120			-	270				-		196	
Faculty	24	10	2527		139	17			5160	121			
Support	88	60			8	40				115			

Addendum #3

	IMPLEMENTATION				APPROVAL			COLLECTION			MAINTENANCE	
	COLLECT COLLATE DISTRIB.	MASTER FILE & FILE	RECEIVE FROM PUPIL		SCREEN	APPROVAL		COLLECT	DISTRIB. TICKETS		TRANSFER AND WITHDRAWAL	
ADMINISTRATION												
Anson Junior High		120				4					50	
Bowman High						80					50	
Peachland						24					12	
Polkton						24					12	
Faison						24					12	
McRae - Norven						34					12	
Lilesville-Bennett						8					12	
W. Ansonville-Ansonville						24					12	
Wadesboro Middle						24					12	
Central						24					24	
TOTAL		120				270					208	
FACULTY												
Anson Jr. Hi.					90						-	
Bowman High			430						121		-	
Peachland			220		8			495			-	
Polkton			220		8			495				
Faison			320		8			720				
McRae-Norven	24		120		17	17		765			-	
Lilesville-Bennett		10	630		8			900			-	
W. Ansonville-Ansonville			97.5					585			-	
Wadesboro Middle			70					210			-	
Central			420					990			-	
TOTAL	24	10	2,527.5		139	17		5,160	121			

	IMPLEMENTATION				APPROVAL			COLLECTION			MAINTENANCE	
	COLLECT COLLATE DISTRIB.	MASTER LIST AND FILE	RECEIVE FROM PUPIL		SCREEN	APPROVAL		COLLECT	DISTRIB. TICKETS		TRANSFER AND WITHDRAWAL	
SUPPORT												
Anson Junior High	12	8	-		-	-		-	27		-	
Bowman High	16		-		-	40		-	88		-	
Peachland	4	4	-		-	-		-	-		-	
Polkton	4	4	-		-	-		-	-		-	
Faison	4	4	-		-	-		-	-		-	
McRae-Morven	24	12	-		-	-		-	-		-	
Lilesville-Bennett	8		-		8	-		-	-		-	
W. Ansonville-Ansonville	8	24	-		-	-		-	-		-	
Wadesboro Middle	4	4	-		-	-		-	-		-	
Central	4		-		-	-		-	-		-	
TOTAL	88	60	-		8	40		-	115		-	

Addendum #4

1976 NATIONAL SCHOOL LUNCH PROGRAM REVENUE BY SOURCE IN NORTH CAROLINA

			Current Percentage of Funding by Source	Proposed Funding by Source	Proposed Percentage of Funding by Source
Federal Reimbursement					
Section 4	$18,596,682.00				
Section 11	41,591,419.00				
Sub-Total		$60,188,101.00	56.36%	$80,095,465.00	75.00%
State Support					
State Aid	$ 3,507,705.00	3,507,705.00	3.28%	21,358,790.00	20.00%
Local Support					
Student Lunch Payments	$37,677,573.00				
Local Budgets	5,420,574.00				
		$43,098,147.00	40.36%	5,339,698.00	5.00%
Total Program Revenue		$106,793,953.00	100.00%	$106,793,953.00	100.00%

Addendum #5

Student Lunch Receipts (July - January)		$33,700.00
Student Lunch Receipts - Projected (February-June)		28,836.00
Total Projected Student Lunch Receipts		$62,536.00
Less: Increase in financial status		
July - December, 1976	$11,180.33	
January-June 30, 1977 (Projected)	11,180.33	$23,360.66
Revenue Requirement Necessary to Finance a Non-Pricing NSLP		$40,175.33

STATEMENT OF RALPH W. EATON, STATE DIRECTOR, SCHOOL FOOD SERVICE DIVISION, NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION

Mr. EATON. Mr. Chairman and members of the committee, I am Ralph W. Eaton, state director, School Food Service Division, North Carolina Department of Public Instruction from Raleigh, N.C. I want to thank you for affording me the opportunity to testify.

I appear here today as State Director of the North Carolina School Food Service Division representing the American School Food Service Division representing the American School Food Service Association in support of H.R. 1139.

The implementation of the free and reduced price meal policy has become a cumbersome and costly segment of the National School Lunch Program, school breakfast program and special milk program. It consumes excessive amounts of time on the part of education personnel—administrative, teaching, and support—resulting in many instances in dollars which were intended to improve the total educational program being spent to implement the free and reduced price meal and milk policy.

Recently a survey was conducted by several members of my staff to determine the total cost of implementing the free and reduced price meal policy in Anson County, N.C. Anson County was selected because the collection methods being used there are used by the majority of the schools in the State.

Schools with grades K through 8 are using collection method 1B as defined in the free and reduced price meal and milk policy. Students go to designated areas, such as school office, cafeteria, manager's office, school nurse, at varying times during the day. At such times those who pay reduced price do so and are issued a numbered ticket or token good for either a day or week, as the case may be.

Those who pay full price, may do so. Those students paying full price on a daily basis may pay cash on the line. Weekly tickets may be sold at a slight discount, such as daily cash charge 30 cents, weekly ticket, $1.25.

Those students who receive free meals are given their ticket or token. All tickets or tokens are identical, except for code numbers known only to authorized school personnel and used for accounting purposes. At all times, when paying, when tickets or tokens are issued, and at breakfast and/or lunch, the anonymity of free and reduced price recipients is protected.

Schools with grades 7 through 12 in Anson County schools, collection method 6B is used. In this method, the homeroom teacher will have each child come up to her desk individually and State whether he or she is going to eat the school lunch that day. The teacher will have a list of which children pay full price, reduced price, or receive free lunches and will collect accordingly.

The homeroom teacher accompanies the class to the lunchroom, makes a daily report of the number of lunches and turns in money collected.

The Anson County public school system is currently participating in the National School Lunch Program and the Special Milk Program with 80 percent of the pupils qualifying for free meals and milk and another 6 percent eligible for reduced price meals and milk according to the Secretary's income poverty guidelines.

In order to implement the free and reduced price meal policy, the Anson County school food service director and her secretary are required to buy advertising in the local newspaper to advertise the income guidelines as required by Federal regulations.

They must also purchase a year's supply of coded tickets for paid, reduced and free meals at the junior high and high school. It is then necessary to duplicate one copy of the entire free and reduced price meal and milk policy for each of the 10 principals, each board of education member, and the superintendent and assistant superintendent.

They then duplicate one copy of the application for free and reduced price meals and milk for each pupil expected to enroll during the coming year.

These policies and applications are sent to each school where they are collated, stapled together, and distributed to the appropriate persons.

On the first day of school, an application is given to each pupil in each school to be completed by parents or guardians and returned for approval.

Pupils return the applications to their homeroom teachers. The teachers screen the applications to insure that they are completely recorded with all information necessary to approve or reject the application. In many instances, all necessary information has not been provided and the application must be returned to the pupil to be carried back home to be completed by his parents. This may be done several times until all necessary information is supplied on the application form.

Where parents are illiterate or cannot understand the form, a principal, teacher, or social worker may work directly with them at their home or by telephone in order to obtain this information.

In the elementary schools, completely recorded application are turned in by the teachers to all principals to be approved or disapproved by him or her strictly according to information provided on the form.

The principal informs each pupil who applies that his application has either been approved or denied and provides teachers with a list of pupils in her or his classroom who have been approved to facilitate the collection of meal payments from paid pupils.

When an 86-percent needy factor in Anson County, the majority of the classrooms have at most three to four pupils required to pay for their meals. While every effort is made by the administration to protect the identity of those receiving a free meal, the pupils receiving free meals often identify themselves in conversations with other pupils.

This has resulted in much resentment on the part of both pupils who are required to pay for their meals and their parents—particularly in the situation where only one child in the class has to pay.

Teachers collect money for meals and milk in the classroom, turn money and a daily report in to the school food service manager in a manilla envelope. The manager keeps daily participation records, financial records, and deposits money into central school, food service bank account.

In the junior high school and senior high school, applications are given to each pupil on the first day of school to be completed by their parent or guardian and returned for approval.

Homeroom teachers turn applications received to the principal who assigns the guidance counselors and secretaries to review and approve applications. They may be returned to the pupils several times.

Tickets are provided to pupils receiving a free meal weekly or monthly in several designated places in the building by the secretaries. Pupils paying for their meals may purchase weekly or monthly tickets or pay on the serving line.

Money is turned in by secretaries to the school food service manager who records participation reports, financial reports, and deposits cash in a bank account.

At any point during the year that pupils enter the schools, principals are responsible for processing applications and updating records. When pupils withdraw from the school, the principal is responsible for insuring that a copy of the application accompanies the pupil and that the application on file is dated and placed in the inactive file.

Approximately 9,000 hours of nonprogram time are required to implement the free and reduced price policy at a cost of almost $60,000. This is time paid for by the local board of education and which was originally intended to contribute toward the total education program of the schools.

Pupils in these schools lose almost 8,000 hours per year in teachers time which could be spent for educational purposes if the teachers were not involved in the implementation of the free and reduced price meal and milk policy.

In addition to the time involved by the educational personnel in the implementation of the free and reduced price meal policy, there is a cash cost of nearly $1,000 involved in advertising and reproducing policies and applications.

These costs in both time and dollars could be eliminated with the implementation of a universal lunch program which would provide Federal reimbursement for all meals served to children at 75 percent of cash cost of program with States providing 20 percent and local funds the remaining 5 percent based on a national average cash cost per plate.

It is recommended that the State contribution be increased at this time by 2 percent each year until the 20-percent goal is achieved.

The implementation of a universal lunch program would greatly simplify the administration of the national school lunch, school breakfast, and special milk program on the Federal, State, and local levels to the extent that funds now required to implement the free and reduced price meal policy alone would in many units offset the cost of introducing a nonpricing program.

In the survey conducted in Anson County, it was ascertained that the local board of education could instigate a nonpricing program by contributing an additional $40,000 to the program annually.

This is considerably less than the almost $60,000 they are now spending to implement the free and reduced price meal and milk policy. However, under current regulations they must continue to fully administer the free and reduced price meal and milk policy even if they implement a nonpricing program.

Now, a similar study in the State of New Jersey ascertained that it cost between $6.50 and $7 per student to administer the free and reduced price program.

For these reasons, I respectfully request that this committee consider seriously recommending legislation leading to the implementation of a universal lunch program as early as 1978.

I would also like to speak to the summer feeding program and specifically state that the American School Food Service Association supports the concept of a summer feeding program. We think it is a great program and should continue as a part of the child nutrition programs that are administered by the States.

We feel that the new regulations will go a long way in cleaning up the program. We are all aware of the many problems we have experienced with administering this summer feeding program, but we do feel that new regulations will bring about some improvements.

We recommend that the summer feeding program be limited to sponsors that provide programs for children on a year-around basis. We further recommend that meal service should be limited to no more than two meals per day per child, except in the case of residential summer camps.

As you know, under present regulations a child can receive up to five meals a day. We do not feel this is necessary.

We further recommend that priority be given to sponsors providing an organized recreation program. Thank you very much.

Mr. LE FANTE. Thank you. We appreciate your testimony. Next on the witness list is Ms. Faith Gravenmier of the child nutrition programs, Bureau of Services and Federal Assistance, West Virginia Department of Education. Ms. Gravenmier.

[Statement of Faith Gravenmier follows:]

CHILD NUTRITION PROGRAMS

Hearings before the

Sub-Committee on Elementary, Secondary
and Vocational Education

U. S. House of Representatives
Washington, D. C.

March 15, 1976

Statement of

Faith Gravenmier, Director
Child Nutrition Programs
Bureau of Services and Federal Assistance
West Virginia Department of Education
Charleston, West Virginia

Chairman, Legislative Committee
American School Food Service Association

My name is Faith Gravenmier. I am Director of Child Nutrition Programs for the West Virginia Department of Education. I appreciate the opportunity to discuss with this committee two important aspects of the U. S. Department of Agriculture child nutrition programs--state agency administrative funding and the nonfood assistance program.

I understand that the current proposed budget for the U. S. Department of Agriculture includes only minimal funding for state administration of the vital child feeding programs and that no provision has been made to assist local schools [illegible] the purchasing of food service equipment.

I have served as director of the child feeding programs in West Virginia prior to the enactment of the Child Nutrition Act of 1966. As you know, this legislation first authorized the annual appropriation of funds for both of these accounts. Passage and implementation of the Child Nutrition Act in 1966 established the concept of nutrition programs for all children, regardless of income. Since 1966 emphasis has continued to be placed, at both national and state levels, on extension of maximum nutritional benefits to children from low income families. The provision of federal funding not only strengthened and standardized state administrative policies, but also brought child nutrition more in line with other federal programs administered by state educational agencies.

State Agency Responsibilities for the Administration of Child Nutrition Programs

Section 7 of the Child Nutrition Act authorizes the appropriation of funds for state administrative expenses. This provision of the Act was implemented in 1968 when Public Law 90-302 authorized a separate food assistance program for nonprofit child care centers serving low income areas.

The West Virginia Department of Education was one of the first educational agencies to implement the special food service program (now called the Child Care Food Program) in non-school situations. Then outreach effort was made possible by federal funding (SAE funding) covering the additional administrative responsibilities inherent in this new community service.

Today, the West Virginia Department of Education is responsible for administering and supervising all child nutrition programs funded under the U. S. Department of Agriculture. The scope of West Virginia's program was broadened to encompass not only food service for all school-age children, whether they may be in public or private schools, residential child care institutions or summer camps, but also year-round food services for preschool children in child care and Head Start centers, recreational programs, special education programs and family day care homes.

Within the Department of Education, the Child Nutrition Programs Division is directly responsible for: enforcing all federal and state regulations governing the child feeding programs; disbursing federal and state funds; providing technical assistance in program management; developing standardized training programs for food service personnel; nutrition education; monitoring and program evaluation. Attachment 1 indicates the staffing pattern used during fiscal year 1977 to fulfill these responsibilities. You will note that currently twelve persons are assigned administrative and supervisory duties while four are responsible primarily for funds disbursement. All secretarial and clerical responsibilities are handled by a supporting staff of three secretaries.

For fiscal year 1977, the federal funds available for cash reimbursements to schools will amount to more than $22 million in the West Virginia child nutrition programs alone.

The Department contracts annually with the fifty-five county boards of education, the directors of private schools and the sponsors of non-school programs. Although the county boards of education, directors and sponsors agree to implement and supervise the food service programs at the local school, state funds are not available as subsidies for local administration. Attachment 2 indicates the job responsibilities and level of training of the county school food service supervisors. All save fifteen of West Virginia's public schools participate in the school lunch and/or the school breakfast program. However, less than one-half of the county boards of education employ on a full time basis a supervisor to implement the various child feeding programs. Only twenty-one percent of the county supervisors have specific training in nutrition while thirty-six percent have entered the field with business training only.

The lack of state and local funds to hire experienced personnel is not unique to the West Virginia child nutrition programs. Few states have been able to increase staffing levels due to uncertainty concerning the availability of federal funds for state administrative expenses. Program expansion and increasing volumes of federal regulations governing each sector of child feeding have served to compound this problem. Delays in release of federal funds and threats of rescission have discouraged state appropriations for programs with such stringent federal guidelines.

USDA Staffing Study

Public Law 94-105, passed in October 1976, directed the U. S. Department of Agriculture to conduct a special study and to report to Congress by March 1976 the level of federal funding needed by states for adequate administration. I understand that the results of the study have not been released by the Office of Management and Budget.

With your permission, I am including Attachment 3 which summarizes the projected needs of the States of North Dakota and West Virginia as reported in the U. S. Department of Agriculture Nutrition Program Staff Study. During fiscal year 1976 the North Dakota Department of Public Instruction disbursed nearly $8 million in federal funds to school food service programs while the West Virginia Department of Education disbursed $17.5 million to school and non-school programs. Taking into account these differences in volume and type of food services, their projected state needs as reported to USDA were similar... North Dakota estimated a need to increase state agency staffing by 100 percent and West Virginia projected a need for a seventy-five percent increase. Clearly, additional state administrative expense funds are needed if these projected goals are met.

While Section 7 of the Child Nutrition Act authorizes the annual appropriation of funds for state administrative expenses, budget requests to Congress for this purpose have been minimal... For several years, in the face of rapidly increased cost of living indexes, the budget requests remained at previous levels. In succeeding years, supplemental appropriations were made available late in the school year, thus making it impossible for the state educational agencies to utilize the available funding effectively, if at all.

There is a need for legislative change to resolve this situtation. State departments of education must be assured of an adequate level of administrative funds well in advance of each school year in order to recruit, employ and train personnel.

This type of advanced funding and carry-over authority is available for a number of other federal programs administered at the state level.

Additional funding with provisions for advance funding and/or carry-over authority is, however, only one necessary step towards improving the quality and effectiveness of administration. There is a need for the development and establishment of minimum standards for food service personnel at both the state and local level. Such standards should be developed as a cooperative effort between the U. S. Department of Agriculture and the state educational agencies.

Nonfood Assistance Program

The Nonfood Assistance Program is, in itself, an illustration of the problems related to effective state and local administration of the child nutrition programs.

Section 5 of the Child Nutrition Act authorizes the appropriation of $40 million annually to assist schools in low income areas in purchasing the equipment needed to establish, maintain or expand child feeding programs. Since 1970 funds in the Nonfood Assistance account have been reserved for use in extending the school lunch and/or school breakfast program(s) to schools without facilities to prepare and/or serve a hot meal. In West Virginia seventy-five schools have been brought into the child nutrition program by utilizing Nonfood Assistance in the purchase of equipment. Other schools have taken advantage of these funds: to upgrade food services; to implement the school breakfast program; or to replace worn-out or out-moded equipment. Three school systems have been able to upgrade the food services provided in remote schools from a cold, bag lunch to a modern centralized kitchen.

In West Virginia where, as previously stated, the Department of Education administers the child feeding programs for all public and private schools, child care centers, institutions and summer camps, the Nonfood Assistance accounts are only two out of thirteen accounts administered for the child nutrition program. Attachments 4 and 5 summarize the eligible public and private schools and residential child care institutions which have applied during the current school year for Nonfood Assistance. Attachment 4 lists the individual schools and institutions requesting funds from that portion of Nonfood Assistance reserved for schools where there are no facilities for preparing and serving a hot meal. A total of twenty-four schools and institutions have requested over $90 thousand worth of equipment in order to fully implement meal service under the National School Lunch and Child Nutrition Acts. The average cost of upgrading these facilities is $3,775 per school. Since West Virginia's allotment of reserve NFA funds was only $27,684 for fiscal year 1977, this account, with three months remaining in the 1976-77 school year plus three months in the 1977-78 school year, would show a deficit if all applicants were reimbursed at the levels allowable in the federal regulations.

Attachment 5 summarizes the number and type of schools and institutions which have applied during the current school year for Nonfood Assistance to: implement the school breakfast program; upgrade the school lunch program in new, consolidated schools; replace worn-out or out-moded equipment; or upgrade food services equipment to meet state sanitary and safety inspection codes. Over 100 schools and institutions have applied for funds available in the Nonfood Assistance unreserved account in order to purchase $255 thousand worth of equipment. Nearly two-thirds of the applicants should be classified as "especially needy schools" under current federal regulations. However, funding all applications at the highest levels allowable would have exhausted this account in January with applications covering nearly $50 thousand worth of equipment still pending.

Problems Related to Administering Nonfood Assistance

In order to process the vast number of Nonfood Assistance applications which have been submitted by schools, staff members of this Division have made more than 150 contacts and/or on-site visits to the county offices and the local schools. From these contacts, priorities have been established to identify those applications showing the most critical need.

Other state responsibilities needed for effective administration of the Nonfood Assistance Program include:

1. Assisting county boards of education in developing long-range plans for comprehensive educational facilities and evaluating and approving their county plans;
2. Providing consultative services to schools and institutions planning new building construction and/or building renovation and approving building plans and equipment specifications;
3. Evaluating existing facilities and equipment and assisting schools and institutions in selecting suitable equipment;
4. Processing and payment of Nonfood Assistance claims and monitoring;
5. Providing in-service training at the local level on the care and use of equipment;
6. Developing and maintaining an inventory control system as required in revised federal regulations.

When responsibility for such administrative and supervisory detail is placed upon a staff of only twelve persons, either that responsibility or other facets of program administration must necessarily suffer. During the current school year, the activities of the state child nutrition staff, in addition to routine duties, have included:

1. Planning and implementing a revised record and reporting system;
2. Revision of management review and evaluation instruments;
3. Outreach efforts to extend the school breakfast, special milk, child care and summer food programs;
4. Implementation of school lunch and breakfast programs in residential child care institutions;
5. Management evaluations in 300 schools, institutions and centers;
6. Development of nutritional standards for foods sold in schools;
7. Two hundred days of in-service training for food service personnel;

8. One hundred programs in nutrition education;

9. Technical assistance to sixty-four local programs.

Since one of the major goals for the Department of Education is to effectively utilize all available federal, state and local resources, optional management and administration of the Nonfood Assistance Program is a vital concern. However, with the current staff available at the state and county level, the Division has had to place primary emphasis upon other phases of program development, such as cost control and accountability, in-service training and nutrition education.

Problem Areas in the Administration of the Nonfood Assistance Program

Although Congress has authorized annual appropriations up to $40 million, budget requests have traditionally been at a much lower level. For Fiscal Year 1977 Congress appropriated $28 million against the Administration's request for discontinuation of the Nonfood Assistance Program.

As child feeding programs are expanded, existing facilities and equipment are necessarily taxed. New facilities and equipment are needed for efficient program operation and for energy conservation. However, development of long-range plans for building construction and renovation is discouraged when funding is uncertain... Delays in delivery and installation of food service equipment compound the problems related to efficient fiscal control.

Recommendations

I respectfully submit the following recommendations for consideration by this Committee:

1. Nonfood Assistance funds should be appropriated at a level equal to that provided in the 1977 fiscal year.

2. The one-third "reserve" provision should be retained in the enabling legislation with carry-over authority at the state level.

3. State Agency Administrative Expense funds should be provided in the USDA budget as a line item at a level which amounts to one percent of the funds disbursed by each state during the previous fiscal year, excluding summer funds.

4. A pilot program should be developed to test the effectiveness of providing administrative expense funding at the district or local level in order to subsidize specified supervisory and administrative duties and responsibilities.

5. Provision should be made for carry-over of state agency administrative funds when necessary for efficient program administration.

ATTACHMENT I

West Virginia Department of Education
Bureau of Services and Federal Assistance

Child Nutrition Programs

Personnel Responsible for Administration of USDA
Child Nutrition Programs, School Year 1976 - 77

Position Classification	Area of Responsibility				
	Number of Persons	Public Schools	Private Schools	Non-School Programs	Nutrition Education and Training
Administrative					
Director	1	X	X	X	X
Assistant Directors	2		X	X	X
Regional Coordinators	5	X			
Supervisors	3		X	X	
Food Service Instructors	1				X
Fiscal					
Accounts Supervisor	1	X	X	X	
Accountants	3	X	X	X	
Secretaries	3	X	X	X	X
Part Time Personnel					
Specialists	2			X	
Consultants	2	X			X
TOTAL- Full Time	17	X	X	X	X
Part Time	4	X		X	X

Average Work load per Supervisor - 150 school or institutions

West Virginia Department of Education Attachment 2

JOB RESPONSIBILITIES AND TRAINING
COUNTY SCHOOL FOOD SERVICE SUPERVISORS

County	Time Devoted to School Food Services		Training			
	Full	Partial	Home Economics Degree(s)	Registered Dietetian	Other Degree(s)	Clerical
Barbour	X					X
Berkeley	X					X
Boone		X[1]			X	
Braxton	X					X
Brooke	X		X			
Cabell	X				X	
Calhoun		X[2]		X		
Clay	X					X
Doddridge		X				X
Fayette	X					X
Gilmer		X[2]		X		
Grant		X				X
Greenbrier		X[1]			X	
Hampshire		X			X	
Hancock	X					X
Hardy	X				X	
Harrison	X		X			
Jackson	X[3]					
Jefferson		X				X
Kanawha	X[4]		X[4]			
Lewis		X			X	
Lincoln		X				X
Logan		X[1]			X	
Marion[4]		X[1]			X	
	X		X			
Marshall		X			X	
Mason	X					X
Mercer	X		X			
Mineral		X[1]			X	
Mingo	X		X			
Monongalia	X		X			
Monroe		X[1]			X	
Morgan		X[1]			X	
McDowell		X	X			
Nicholas		X			X	
Ohio	X			X		
Pendleton		X[1]			X	
Pleasants		X				X
Pocahontas		X[1]			X	
Preston		X				X
Putnam		X			X	

Page No. 2

JOB RESPONSIBILITIES AND TRAINING
COUNTY SCHOOL FOOD SERVICE SUPERVISORS, CONTINUED

County	Time Devoted to School Food Services		Training			
	Full	Partial	Home Economics Degree(s)	Registered Dietetian	Other Degree(s)	Clerical
Raleigh	X					X
Randolph	X					X
Ritchie		X			X	
Roane	X					X
Summers		X[1]			X	
Taylor		X				X
Tucker		X				X
Tyler		X			X	
Upshur	X		X			
Wayne		X			X	
Webster		X				X
Wetzel		X[1]			X	
Wirt		X[1]			X	
Wood	X					X
Wyoming	X				X	

[1] Superintendent/Assistant Superintendent
[2] One supervisor serves two counties
[3] Registered Nurse
[4] Two supervisors within the county

Division of School Food Services
March 3, 1976

Excerpts From U. S. Department of Agriculture Nutrition Program Staff Study
Spring 1976
North Dakota Department of Public Instruction
West Virginia Department of Education

A Comparison of Staff Years Utilized for State Administration of Child Nutrition Programs with Projected Needs for Implementation of Public Law 94-105

Child Nutrition Programs Administered	Fiscal Year 1975				Projected Needs in Staff Years	
	Staff Years Utilized		Staff Years Financed by SAE Funds			
	North Dakota	West Virginia	North Dakota	West Virginia	North Dakota	West Virginia
School Lunch	5-4/12	10	1 5/12	3	6 3/12	7
School Breakfast	6/12	2	.5/12	1 8/12	4/12	2
Special Milk	1 7/12	3	4.5/12	1	1 3/12	1
Nonfood Assistance	6/12	1	0	2/12	5/12	1
Child Care Food Program	0	6	0	1	0	7
Outreach for Child Care	0	1	0	2/12	0	1
Special Summer Program	0	2	0	1 1/12	0	2 1/12
Outreach for Summer	0	1	0	1/12	0	1
Federal Management Circular 74-7	0	0	0	0	7	12
TOTAL	7 11/12	26*	1 10/12	8 2/12	15 3/12	34 1/12

* Includes 6 staff-years in overtime for current staff

Attachment

ELIGIBLE SCHOOLS IN WEST VIRGINIA REQUESTING NONFOOD ASSISTANCE FUNDING (RESERVED) DURING THE 1976-77 SCHOOL YEAR IN ORDER TO PROVIDE SCHOOL LUNCHES AND/OR SCHOOL BREAKFASTS UNDER USDA CHILD NUTRITION PROGRAM

Type of School	Total Number Schools	Total Especially Needy	No. Schools Serving Breakfast and Lunch	Total Student Enrollment	Total Cost of Equipment	Allowable Federal Share*	Total Nonfood Assistance Encumbered March 1, 1977
Public Schools	20	1	13	8,628	86,019	69,021	13,178
Private Schools	0	0	0	0	0	0	0
Residential Child Care Institutions	4	0	4	590	4,565	3,424	3,323
TOTAL	24	1	17	9,218	90,584	72,445	16,501
FY '77 Nonfood Assistance Funds Available						27,684	
Unmet Need						44,761	

* Including Especially Needy Schools

Attachment 4

ELIGIBLE SCHOOLS IN WEST VIRGINIA REQUESTING NONFOOD ASSISTANCE FUNDING (UNRESERVED) DURING 1976-77 SCHOOL YEAR FOR PROGRAM EXPANSION AND/OR REPLACEMENT OF OBSOLETE EQUIPMENT

Type of School	Total Number Schools	Total Especially Needy	No. Schools Serving Breakfast and Lunch	Total Student Enrollment	Total Cost of Equipment	Allowable Federal Share*	Total NFA(U) Funds Encumbered March 1, 1977
Public Schools	95	61	51	24,366	233,110	189,366	80,356
Private Schools	5		1	1,076	5,030	3,772	3,762
Residential Institutions	3	3	3	160	17,000	17,000	0
TOTAL	102	64	55	25,602	255,140	210,138	84,118
FY '77 Nonfood Assistance Funds Available						176,321	
Unmet Need						33,817	

* Including Especially Needy Schools

Attachment 5

ATTACHMENT 6

Items of Eligible Equipment Submitted by West Virginia Schools for Nonfood Assistance Funding, School Year 1976-77

Type of Equipment	Number of Schools Requesting Nonfood Assistance		
	Reserved Funds	Unreserved Funds	Total
REFRIGERATORS AND FREEZERS	3	18	21
FOOD PREPARATION:			
Ovens and ranges	2	15	17
Mixers and VCM	1	11	12
Slicers and Cutters		2	2
Tilting Skillets and Steamers	1	8	9
Work Tables		3	3
Storage Units		2	2
FOOD SERVICE:			
Hot Food Tables and Proofers	16	14	14
Dining Chairs/Tables		20	20
Satelite Delivery Systems	1	1	2
DISHWASHERS AND SINKS		27	27
Miscellaneous		5	5
TOTAL NUMBER EQUIPMENT ITEMS	24	126	150
COMPLETE KITCHENS:			
Remodelled	0	1	1
New Facility	2	1	3
TOTAL	2	2	4

STATEMENT OF FAITH GRAVENMIER, DIRECTOR, CHILD NUTRITION PROGRAMS, WEST VIRGINIA DEPARTMENT OF EDUCATION

Ms. GRAVENMIER. My name is Faith Gravenmier. I am director of the child nutrition programs for the West Virginia Department of Education. I do deeply appreciate the opportunity to discuss with this committee two important aspects of the U.S. Department of Agriculture child nutrition programs, State agency administrative funding, and the nonfood assistance program.

I deeply apologize——

Mr. LE FANTE. Pardon me, Ms. Gravenmier. Would you mind passing the microphone to Ms. Gravenmier?

Ms. GRAVENMIER. I apologize for my misunderstanding the time of the hearing.

I served as director of the child feeding programs in West Virginia prior to the enactment of the Child Nutrition Act of 1966 which, as you know, first authorized the annual appropriation of funds for both of these accounts which I mentioned, State administrative and non-food assistance.

It was at that time with implementation of this Act, that we established the concept of an ongoing nutrition program for all children. This Federal funding not only strengthened and standardized State administrative policies, but it also brought child nutrition more in line with other Federal programs which are administered by the State educational agencies.

In West Virginia, approximately 40 percent of the funding available for administrative expenses at the State level is paid from the State administrative expense fund. The remaining 60 percent was State-appropriated moneys. We handle all the programs. We administer and supervise all the child nutrition programs which are funded under the U.S. Department of Agriculture at the present time.

These will encompass a daily meal service to approximately 230,000 children in 11,000 public schools, 2,000 children in 40 private schools, 4,500 children in approximately 150 child care or head start centers.

At various times during the school year, we serve about 20,000 children each day on the average, and 180 summer camps. We are in the process of adding to our program roughly 5,000 children who now are cared for by the day. We anticipate about 2,000 family day care homes. These are very small children, preschool children.

All of these programs encompass several of the child nutrition programs funded by the U.S. Department of Agriculture. The school lunch, the special milk, the school breakfast, the child care food program, the special summer program, nonfood assistance are the programs.

At the moment we have on our staff 12 professional staff members, including myself, four persons responsible primarily for funds disbursement, and all of the secretarial and clerical work done by the staff, as performed by the supporting staff of three secretaries.

We contract, of course, for the 230,000 children in the public schools through the county boards of education. There are 55 of these. But in addition to that, we contract with all the various agencies which handle the nonschool programs in the State. I did mention those. I neglected to mention the residential child care institutions which are just being added to our program, serving about 15,000 youngsters in 80 residential centers.

All together, we have other agencies who are sponsors to the amount of 200 as compared to the 55 county boards of education. This would be for the care of 276,500 children, counting the 230,000 in the public schools.

The lack of State and local funds to hire experienced personnel has been a problem to us. I have included in my written testimony a chart which describes both the State agency staffing and also the county boards of education staffing. Attachment 2 indicates that in the 55 county boards of education administering both school lunch and school breakfast programs, less than one half of them have available a full-time school food service supervisor to administer and supervise the program and provide inservice training.

Of these supervisors within the State, taking into consideration the full-time and the part-time supervisors, only 21 percent have had any training in nutrition; 36 percent of these supervisers come to us in the field with business training only; that is, they come with financial bookkeeping experience.

Ms. Martin, I believe, mentioned the staff staffing study which the Congress directed the U.S. Department of Agriculture to conduct. In attachement 3, there is a comparison between one of the pages of this staffing study prepared by the department of education in North Dakota and the West Virginia Department of Education, although the North Dakota Department of Education handles approximately $8 million worth of Federal funds as compared to, at that time, $17½ million in West Virginia for school and nonschool programs.

The results of this survey were very similar. The State directory in North Dakota estimated that in order to perform the services requested or required in Federal regulations by the U.S. Department of Agriculture, it would require a 100-percent increase in the staff already available to handle the programs.

In our particular case, if you compare the public school programs administered in our State, we anticipated that we would need a 75-percent increase. Section 7 of the Child Nutrition Act authorizes the annual appropriation of funds for State administrative expenses, but written requests to Congress for this purpose have been minimal.

For several years in the face of rapidly increasing costs of living indexes, budget requests remained at previous levels. In succeeding years, supplemental appropriations were made available too late in the school year, thus making it impossible for our State education agencies to utilize the available funding effectively, if at all.

I would like to address the description of the non-food assistance program primarily as an illustration of the problems which are related to effective State and local administration of all phases of the child nutrition programs.

Since 1970, as Ms. Martin indicated, one-third of the funds for the non-food assistance account has been classified as reserved funding for schools which have no facilities for the preparation and service for school lunch and school breakfast program.

The other two-thirds of the account have been designated for the use of schools that need to expand their programs, to upgrade their programs or to replace worn out equipment, not facilities.

In our State of West Virginia, we have utilized those funds in two different ways. We would like to give two different types of funding, different examples. The reserve funding has been used, over the years, for the purpose of upgrading the food services and providing food services in no program schools.

Two examples of that would be in McDowell County, near Welsh, W. Va., home of the first food stamp program, where there are a number of rural schools which had no programs whatsoever. There were no facilities available for programs.

Those first funds were utilized to expand breakfast programs into this type of school. In Ohio County, near Wheeling, W. Va., there was another type of problem which I imagine Ms. Martin has addressed. That would be the problem of very old buildings in the midcity area, serving needy children but with no facilities whatsoever for either the preparation or service of food.

The reserve funding has been utilized in both cases to provide either a lunch or breakfast program for children when this was not available. The unreserved funding, and an example of those funds would be Doddridge County currently, where all schools in Doddridge County are attempting to start a breakfast program. They need to purchase additional equipment in order to do this, without an increase in staff.

Another example would be Roane County, near Spencer, W. Va., where kindergarten children were not receiving either a school lunch or a school breakfast. Our reserve funding was used to provide a facility, an armory, so to speak, so that these youngsters could be fed.

Currently, we have included charts—attachments 4 and 5—which show the requests that have been made to the State department of education during the current 1977 school year. We have had requests of both types. I would just mention that if we had funded all requests for the reserve account at the levels allowable under current Federal regulations, we would have exhausted those funds in January.

With still 3 months to go in the current year, and 3 more months to go in October——

Chairman PERKINS. Let me ask you this question—I think it sums up what you are telling us—the present law requires one-third of the equipment funds must be spent in schools without a lunch program. Some witnesses have said that this provision ties the funds up too much, so that they wind up being returned to the treasury. Do you agree and should we modify this provision?

Ms. GRAVENMIER. My State on the whole has programs available in most of its public schools. We have only nine schools which do not currently have programs. So in normal circumstances we have not always utilized quickly within the school year the one-third set-aside for reserve funding.

The new regulations which define a school with no facilities as a school with no hot service available has enabled us to utilize these funds in upgrading programs which were serviced by cold packaged lunches. So we have been able to use those in West Virginia.

Chairman **Perkins.** Ms. Martin, we heard persistent criticism last year during our oversight hearings on the lunch program. One criticism was that millions of dollars were being wasted every year through platewaste. I know we have discussed this before, but do you have any additional thoughts today on that subject? Do we need to change the type A lunch?

Ms. **Martin.** Mr. Chairman, in my judgment, we do not need to change the type A lunch pattern. The type A lunch pattern provides a nutritional standard to assure that children have nutritionally adequate meals. What we do need is——

Chairman **Perkins.** Should we permit smaller portions for smaller children, or should we permit all children to reject portions of the offeirngs as we now do for senior high school students? What do you think about that at the elementary level?

Ms. **Martin.** At the elementary level, my judgment would be that we need to provide the entire meal to the children. We need to provide more flexibility in offerings so that the children have a chance to choose between two foods of the same nutritional value. We do need to adjust portions of food to the age group of the children.

We have, in my judgment, been guilty of serving some portions that are too large which has contributed to platewaste. We do need personnel who are trained to adjust portions to the various age groups.

Chairman **Perkins.** Mr. Eaton, do you feel that requiring schools so that at least 80 percent of their enrollment eligible for free meals or reduced meals, to provide all children with free meals, would effectively reduce many of the problems brought about by the free and reduced meal policy today?

Mr. **Eaton.** Yes, sir. And I think it would be most appropriate if the congress could, through the Department of Agriculture, do a study to determine the vast things that could be brought about by such a move.

Chairman **Perkins.** I want to take this opportunity to thank the American School Food Service Association and their representatives for their participation in the questionnaire, and a study that the House Committee on Education and Labor made during this past year.

Fifteen thousand questionnaires were sent out. This survey is based on the 5,000 school districts that responded. We had questions on platewaste and to what degree platewaste was a problem in the school systems.

A significant 6 percent, moderate; 42 percent, minor, 52 percent. We go on with numerous questions on commodities and others. Without objection, I would like to offer this survey— the questions and the results—and submit this for the record at this time.

[School Lunch Survey referred to follows:]

SCHOOL LUNCH SURVEY

INTRODUCTION

Fifteen thousand questionnaires were sent out and this survey is based on the 5,000 school districts that responded.

I. PLATEWASTE

1. To what degree is platewaste a problem in your school system?

   A. Significant - 6%

   B. Moderate - 42%

   C. Minor - 52%

2. To what do you attribute platewaste in your school system?

   A. Unfamiliar foods - 41%

   B. Portion not adjusted to the age of child - 18%

   C. Amount of time allowed for lunch - 13%

   D. Lack of variety of foods - 11%

3. Do you have any competitive food services in your school system?

   A. Snacks and a la carte foods - 30%

   B. Vending machines - 30%

   C. No competitive food services - 48%

II. COMMODITIES

1. To what extent is the USDA-Federally donated commodity delivery program a problem in your school system?

   A. Significant - 6%

   B. Moderate - 17%

   C. Minor - 77%

2. Which aspects of the commodity delivery program create problems?

   A. Selection - 31%

   B. Quantity - 32%

   C. Month received - 38%

3. **Would you prefer cash in lieu of commodities?**

Cash - 35%

Commodities - 65%

III. REGULATIONS

1. **To what extent are regulations as issued by the USDA a problem in your school system?**

A. Significant - 12%

B. Moderate - 22%

C. Minor - 66%

Chairman PERKINS. Mr. Miller, do you have any questions?

Mr. MILLER. No, I have no questions.

Chairman PERKINS. Mr. Mottl, do you have any?

Mr. MOTTL. No questions.

Chairman PERKINS. Without objection, all of the proceedings will be in the record. Your testimony will be inserted into the record. I, for one, have to go to the floor right away.

Mr. Heftel, do you have any questions?

Mr. HEFTEL. Yes, I do.

Chairman PERKINS. Please go ahead.

Mr. HEFTEL. I was chairing the hearing because our esteemed chairman was not available, when I first became aware of the survey to which you have just referred and made part of the record.

My interest and concern was that we have a program which theoretically is being offered, if you want to use the word, free flying. It isn't really free flying, but nonetheless, it is something that comes to the school systems without additional dollar expenditure. Yet only one third responded out of 15,000. The statistics on this survey are the result of 5,000 respondents.

At this point we don't know if the 5,000 respondents are small representative districts. We don't have an analysis that tells us what the character is of the one third who did respond.

But far more seriously, what does it mean that two thirds do not respond at all? I know it is a difficult question, but I would like your observations.

Ms. MARTIN. Congressman Heftel, according to my background in statistics—and I have also conducted a number of studies—it would seem to me that generally speaking 33 percent response to a mail-out survey would really be a pretty good response, I believe.

If you would like for the American School Food Service Association to assist in sending out information to the school districts through our regular communication channels, if it would help, we would be glad to ask the school districts that were selected, to respond.

However, with the U.S. mail as it is today, perhaps some of them simply didn't get the surveys. We would be glad to try and help to get a better response. I know it is discouraging to have only one third respond when you have been so generous as to provide us with the resources to provide meals for the young people.

Mr. Heftel. The reason the one third became significant was that our colleague, Congressman Dick Gephardt from St. Louis, had a study on both St. Louis and Kansas. There were serious indictments of the lunch commodity programs in terms of waste.

These were commodities that could not be used, and yet the schools would be penalized if they did not take what they got and then be criticized because they didn't get all that they could have gotten. Therefore, they must take it and, in one form or another, throw it away.

What he had to say was really very critical of the program. It was a result of people and school district superintendents and principals coming to him. He didn't go out and solicit this information.

So I think my major concern at the moment is, do we really know if the program is generally working effectively for an 80 or 90 percent factor, or is it interesting only to the one third that responded and two thirds who really don't care?

Ms. Martin. Well, I would like to react, and then I am sure the other members would like to react.

The school food service, the members of the American School Food Service Association, the people who are in the operational aspects of school nutrition programs, do care. In my State of Georgia, there is a school food service program in every school, except one. This is a little school on an island off Georgia which has about 20 children. It will be phased out this year and that is the only school that does not have a participation in the school lunch program.

Eighty-two percent of all the children in the State of Georgia have a nutritional adequate school lunch each day, and in addition to that we have almost one third of the young people participating in the school breakfast program.

There are many States in the Nation that have this same sort of record, where the States are seeing very, very high participations in these programs. In these States and in the State of Georgia, the school food service directors are really working on this problem of not only making the food available to the young people, but also making the food available, the nutritionally adequate meals in the ways that the young people will want to eat them.

In many, many schools--not only in the high schools where the offers are served components which is available—but also in elementary schools now we are seeing a trend toward school food service directors and school food service managers provide choses within the framework of the type A meal.

Thus, the young people then have an opportunity to chose. Maybe they don't want hamburgers and mashed potatoes. Maybe they would prefer meat sauce and spaghetti. Well, the food value is comparable. The cost is somewhat comparable. The child, when given the choice between foods of the same food value and the same cost, begins to recognize that they may make these choices.

We are making the same choices available with fruits, vegetables and other components of the meal. We are offering variety in the types of milk that is available.

So across the Nation school food service people do care. They really are going beyond the call of duty to make the meals attractive.

Mr. HEFTEL. Thank you very much. Was one of the respondents at the last hearing also from Georgia? A gentleman, I believe.

Mr. LE FANTE. I believe he was.

Mr. HEFTEL. This indicates—the gentleman was very supportive of the program. I don't remember his name, and I can get it for the record, was also from Georgia.

This again indicates—and I believe he was a representative of the National Association of Food Service Personnel—that Georgia——

Mr. LE FANTE. He was from Florida.

Mr. HEFTEL. That's fine. You have to admit that that pleasant sound is familiar in the speech patterns of both of you.

We have, obviously in Florida and Georgia, a great interest in making the program work effectively. Certainly that is the impression we are getting from what you have to say. I wish that you would avail yourself of the testimony of Congressman Gephardt representing Missouri and Kansas, in this case.

To show you the dilemma I feel I am going to be faced with in terms of how to make the program effective so that we don't have two States with statements such as those put in the record by Congressman Ichord, is because you folks are working harder to make it work—that is, are you? Is it because of the dialogue you are maintaining with the commodity program and controlling what happens in terms of what is sent to you and in the way it is sent to you? It would be very revealing.

It is like different worlds, two different worlds, listening to you and listening to the gentleman from Florida, and then the Congressman from Missouri.

I think that would be very helpful. They were saying in effect it should be voluntary participation, cash or commodity and the right to decline commodities without being penalized when they turned something down.

Ms. MARTIN. Congressman, I have just had a chance to review the GAO report on commodities and I would be very naive to sit here and indicate to you that there are not some improvements needed in the whole program of commodity management.

In my judgment, the GAO report had some very fine recommendations for improving the commodity program such as more timeliness in the delivery of commodities, assuring that the quality—and for the most part, the quality of donated food we have received has been superior, but recently I have heard that some of the products probably have not been quite up-to-par. But assuring that the quality products are there.

The third thing is if our school food service managers and operators could be involved somewhat in chosing the foods that are to be available to the commodity distribution program. And in some school districts, the reason that I think you see some wide variation among the States is about the donated food program is the fact that a number of the city food directors have not had any input into the foods that are being purchased by the Department of Agriculture for distribution to the schools.

Oftentimes, when there is a very sophisticated procurement practice, they are having to place orders in May for the foods in September, October, and November.

It would seem to me that it would be possible for the Department of Agriculture to be making more advance plans as to the foods that they are going to purchase, so the States would know they are going to purchase these foods and would advise the State agencies.

We, in turn, would advise the major cities of the availability of foods. It would help to maximize the donated foods if everyone knew farther in advance.

Then there is one other point of view which I think we need to take into consideration. In a number of our school districts, as Mrs. Gravenmeir pointed out, we do not have professionally trained food service directors to write food specifications and to manage the food procurement program. And that is the majority of school districts across this Nation.

In the USDA foods, there is a standard of performance. They are really, for the most part, just high quality foods and because they are high quality—the very best quality of foods—then the school districts tried to buy foods that are equally good in quality in the small schools.

Whereas, in the large school systems, with the very sophisticated procurement system with specifications, et cetera, they have the expertise to buy foods that are of equal quality. I think these are some of the problems that are in the commodity program.

I would add that my hope that the Department of Agriculture would look very carefully at the recommendations by GAO for improving the management of the donated food program so that all States would be able to maximize the use of this wonderful resource to improve the nutritional adequacy of the school nutrition program.

Mr. Heftel. Do you think the program would be more effective if, for instance, the school districts were paying 10 percent for the commodities received?

Ms. Martin. Maybe I don't understand the potential for this kind of proposal, but offhand, I do not see the program would operate any more effectively.

Right now, our school districts across the Nation are contributing quite a large amount, generally, in the form of a direct cost, to the operation of the school nutrition program. This will vary anywhere, I would say, from 5 cents per school lunch up to 15 and 20 cents per school lunch.

So the local school districts are already contributing a sizeable amount financially to the operation of the school nutrition program.

Mr. Heftel. I was more concerned with the fact that if you pay some sum of compensation for what you have received, you will more seriously look upon what you receieve and make sure that even though you are paying only 10 percent, that that 10 percent works effectively. Or if you are paying nothing and not perhaps spending the kind of administrative planning costs that are inherent in the system of

Florida and Georgia perhaps, that the attitude is more, well, I have nothing to lose by taking it. Whatever I get out of it is a plus.

But if I am paying the 10 percent example, then perhaps I work harder at making sure I am getting full value back from that 10 percent investment. Is this something that is a viable alternative to be discussed, in your estimation?

Mr. EATON. Congressman, I think that the commodity program is a vital part. I can almost ditto the statements that Mrs. Martin made about 82-percent participation. A school food service program in every school in North Carolina exists, except for a small island, so we basically operate the same way that Georgia does.

But if we had to pay a portion of the cost of the commodity program, it would simply push the price of the paying child up. It would add to our costs. Consequently, we would see less quality meals being served and pushing other students right out of the program.

Any additional costs would have that tendency, to move the people out of the program. I think it is critical that we maintain receiving commodities without cost. Frankly, I think it is one of the great pluses in the program from the Department of Agriculture.

There have been few examples of poor quality. It is more times that we have received foods that are not familiar to students that have caused the problems, and not the quality of food or the types of foods.

Mr. HEFTEL. I wish I had the testimony for you. I don't know if I should ask. Could it be possible to get the Congressman's testimony?

I think it would be very revealing for you to read the Congressman's testimony on Missouri and Kansas. In effect, it says it is a waste, it is not doing the job. A lot of food is simply being thrown away in the process of accepting it, rather than saying anything.

That, I think, would be the concern of the committee that was present for that hearing. The gentleman from Florida participated in that hearing and he would be very familiar with the testimony that we heard. That is the reason why A, I have been concerned by the one third response out of the 15,000 questionnaires and B, testimony like this which I quickly will look for.

Here is an example of what he had to say. The evidence shows that the price of administration out of the commodity assistance for school lunches in many respects incurs unnecessary costs for both the Government and the school district, while lowering nutritional benefits by fostering plate waste.

The types of controlled experiments I have suggested can help to find changes most appropriate for realizing the full potential of the school lunch programs.

I won't go into the whole report. In effect, what he says is tremendous amounts of waste in the system that is now being utilized should be limited to a 1 year renewal, with pilot programs to determine how to avoid the waste in the program.

Ms. MARTIN. Congressman, one of the reasons that we have in the State of Georgia, and in many of the States—particularly I note the States in the Southeast—is the fact that we have a lot of onsite preparation. We are using the donated foods very wisely to prepare food that is familiar to young people. It has helped to increase our participation.

There is a need, as I indicated in my opening remarks, to establish some standards to measure quality food now in some areas—and I certainly do not mean to imply that this would be true in the area represented by the statement of the Congressman that we are referring too—but in some areas that have had to depend on prepackaged foods or preplated meals.

In the absence of standards to judge the nutritional adequacy and the aesthetic appeal of the meals, the participation has not been as effective.

In my judgments, in those school districts that are not utilizing the donated foods wisely, they could really determine how to use them and then their participation would increase. It would be interesting to compare the participation in those school districts with the participation of our school districts on States across the Nation that are effectively using donated foods.

Mr. HEFTEL. Let me just give you one of the examples that he uses here. Of 1,700 pounds of peanut shortening in a given school district, as a result that the peanut shortening has an undesirable flavor in cooking and baking, it is often melted and poured down the drain.

I have no idea of the accuracy or inadequacy of the statement, but I am giving you a responsible report. Your input and reaction is important to us.

Ms. MARTIN. First of all, no school district is required to accept donated foods that they cannot use. In the second place, in the event that they are not effectively using them, they are responsible. Certainly Mr. Kreinest, who was the gentleman from Florida, could better talk about this than I can.

But in my judgment, if any school district is not effectively using them and the foods are spoiling, that school district is responsible.

Mr. HEFTEL. It was our understanding that the school district doesn't have the option to refuse commodities and ask for substitutes. At least that was the testimony in the prior hearing; you don't have the option.

Ms. MARTIN. Yes; they have the option of refusing if there is any commodity that is offered to the system, to the local school district, the school district may refuse that commodity. The school district has no option between commodities or cash, but they do not have to take any commodity that they do not wish to receive, or that they cannot use.

Mr. HEFTEL. The understanding from the prior hearing which we participated in was that if a school district rejected a commodity, they lost the value equivalent of that commodity and did not receive something they asked for as a replacement.

I see heads moving in various directions. Since you are nodding your heads up and down, tell me if it is correct that if you don't want a commodity because it will be wasted, you don't get anything in place of it and you don't have anything to show for that amount of the commodity?

Therefore you could be embarrassed politically because you could have had the potential of 800 units—be it dollars, pounds, or whatever—and instead you got 600 units because you knew 200 would be wasted and you would have to explain why you didn't use the 800 units.

If you take 800 units, pour 200 units down the drain, no one criticizes you. This seems to be the reason the districts take all they can get but wish they had an option to say no to a-b-c, we want d-e-f and don't have the choice. Is that right in terms of the heads that were moving up and down?

Ms. **Martin**. Congressman, it is my understanding that the Department of Agriculture has indicated that they will take those recommendations in the GAO report and will work toward the implementation to improve the offering of donated foods, the timeliness of the delivery. Then the school district would not be overloaded on any one commodity.

This is one of the major criticisms, that there are times when we are overloaded on a single commodity. If the Department of Agriculture—and they have said they will work toward implementation of the recommendations in that report, that the commodity program could continue to be a program that would be maximizing our school nutrition programs.

Mr. **Heftel**. Well, one of the issues which arose was a question about a 5-year renewal of the Act, versus a 1-year renewal. It was suggested that we renew it at 5 years and then we won't have to be under the gun of explaining it every year. The reverse psychology is to renew it 1 year at a time so that you know you have to qualify satisfactorily in the ways that you deal with the school district, and therefore it would be more efficient because you know at the end of the year the program could be dropped or drastically changed.

That is one of the other issues that we will have to address ourselves to. Thank you, Mr. Chairman, and thank you, Ms. Martin, very much.

Mr. **Le Fante**. I note that the clock is ticking away and we are scheduled to begin our black lung public hearings in 25 minutes. I am going to ask those remaining to be as brief as possible. Mr. Weiss?

Mr. **Weiss**. I have no questions.

Mr. **Le Fante**. Mr. Radcliffe? Mr. Jennings?

Mr. **Radcliffe**. I have no questions.

Mr. **Jennings**. No questions.

Mr. **Le Fante**. Mr. Miller, do you have a question?

Mr. **Miller**. Would the panel testify whether or not they agree with the results of the poll, that platewaste is significant?

I guess what it is saying here is that the school districts which responded had significant platewaste only in 6 percent moderate, 40 percent, et cetera. Do you agree with that?

Is platewaste a more significant problem than that, or a less significant problem?

Ms. **Martin**. I do not think that is a more significant problem than that. Mrs. De Zeeuw quoted some statistics regarding the amount of platewaste, but the 6 percent seems to be a reasonable estimate of the platewaste.

Ms. **De Zeeuw**. Congressman, I think what I referred to in my statement was that platewaste is not only evident in the child nutrition programs, but it is evident in all other kinds of feeding programs throughout the United States.

In some of the cases, platewaste was higher in other areas than it was in a child nutrition program. So therefore 6 percent would seem a reasonable level of platewaste, based on the other statistics and platewaste in other areas.

Mr. Miller. Wait a minute, wait a minute.

Ms. Martin. Six percent is a reasonable level.

Mr. Le Fante. You are saying it is a significant problem only 6 percent of the time, in 6 percent of the districts. These districts would say that platewaste in their districts was only 6 percent.

Mr. Miller. Six percent said that it was a significant problem. The question is what is significantly, obviously. You are saying because people are wasting foods in other of the segments economy, this is in line with that. What is your conclusion to that statement?

Ms. De Zeeum. My conclusion to this particular question is that platewaste has other contributing factors in addition to the ones mentioned in my previous testimony. Platewaste involves many other factors than just the food that is presented. It involves the way it is served, the conditions under which children are eating, the amount of time they have to eat.

There are many factors involved in platewaste. I think you would really have to take, in my opinion, an entire look at the situation under which the problem exists. What other factors, indirect or direct, are contributing to the platewaste problem?

Mr. Miller. When you take a look, and you have apparently taken a look at the other apparent factors, when you take a look at this, is it a significant problem, a moderate problem, or a nonsignificant problem? If you take the lunchroom, how it is presented, how it is prepared, the time given to eat it, the period that follows, the taste of the food, what is your conclusion?

Should the committee be concerned about it? People on this committee have testified that somewhere between 40 percent and 50 percent of the put-up trays are put in the garbage can.

Ms. Martin. Congressman, in consideration of the need to conserve our Nation's resources, I think we would be very remiss if we said that we were not concerned with the amount of food that was returned uneaten by the children, because anytime food is returned uneaten by the children, we feel that perhaps we should continue to work on the problems which Mrs. De Zeeuw identified.

However, we also feel that the estimate that you have just given of 40 or 50 percent plate waste is not correct. And that throughout most of the schools in the Nation, the amount of food returned uneaten is a very—well, it is a reasonable amount.

One of the problems—and I think you would all agree with this—is that the fact exists that we are serving a large volume of students within a very short period of time. This means that we cannot always individualize the size of the serving to the appetite of the child.

So there is some amount of waste with some children. But it is not, in my judgment—and having talked with the school food service people—not an exhorbitant amount. The recent piece of legislation that was enacted by Congress directed the Department of Agriculture to make a study of plate waste and acceptability of meals as related to the effectiveness of the staffing.

I believe that report was to have been made to the Congress by March of 1976.

Mr. MILLER. We are going to get that report later this month.

Mr. HEFTEL. Thursday we will have that report here.

Ms. MARTIN. I think that will help us all to see, or give us a general picture of the platewaste problem throughout the Nation. But we will—because we are concerned people about conserving our resources in this country, we are concerned about any amount of uneaten food.

But I do not think this is a major problem.

Mr. MILLER. I don't know. I talked to school officials throughout the district I represent and they constantly, if I defend this program, they constantly challenge me to come and take a look at what is going on in their district. They say that they can't believe the waste that is taking place. Maybe that is ordinary and usual for the American people, to throw that much away, I don't know.

But I guess that is what I will do, I will go down and see. Because the stories are rather horrendous, and these are very responsible superintendents of schools and people who are responsible for running this problem.

I would hate to find out that it is true, because I suspect that if it is, the program may not be justifiable any longer.

I know that there are a lot of statements in your testimony about working women and the changing of the American family, and how we eat our meals and who is present. Maybe there is a new rationale for this program. I thought it was to help people who were nutritionally at some type of risk, and who were having their education hampered, and who a nutritious meal would help from becoming disruptive in school, from becoming drowsy, and not having the full opportunity to learn.

If the program is to supplement for a family that doesn't want to eat any longer, the taxpayer ought to have a chance to make a redetermination of whether or not they want to fund that program.

I think to say that platewaste exists in other segments, I guess people choose that in their home, or if they go to a restaurant and they let their children throw out half of what they paid for, that is their determination.

But as a collective body in this country, that may not be the determination of people. I think the program is really open to that kind of scrutiny because if you are now calling upon new rationales such as were told to this committee last fall, that is the jobs program, we ought to know that in this Congress and we ought to fund it accordingly.

Maybe rather than in this committee, we ought to be putting it in the economics stimulation package, that we are going to expand the food program.

We better find an agreed upon rationale for the program and then determine whether we want to pay for that rationale. Go ahead.

Ms. MARTIN. Congressman, I think you have identified a very important point and that is that we do need a new rationale for this program. In my judgment——

Mr. MILLER. I don't know if we need a new rationale for the program. That is not my bottom line. I want to know what it is.

Ms. MARTIN. The new rationale is that adequate nutrition will help young people to have better lives, and if we need an economic purpose—as I have looked at Federal programs over the years, most programs have to have a basic economic purpose—I think when we really get to looking at the cost of poor food habits in relation to health care, that we will see that the Nation will become aware of the need to improve food habits.

The Nutrition Education bill and the Nutrition Information Act or bill which Congressman Perkins and Senator Humphrey have introduced this year will help to teach young people the relationship between nutrition and health. So I think we do really need emphasis——

Mr. **Miller**. You get no argument from me on that question. The question is do you also have to feed them to bring out that realization? Or whether it is an educational process? What can be done in the absence of the feeding? I don't believe that you are going to restructure a person's nutritional habits with one school meal, when the family is going in the other direction.

You may give education not necessarily by providing what we call a type A meal, especially if it appears that part of the type A meal is going into the wastebasket.

Ms. **Martin**. Perhaps part of our nutrition education and information program will, out of necessity, involve the home. I heard a very outstanding nutritionist say last evening that perhaps what we needed to do was to tie in some segment of the home situation into a nutrition education program so that we would have more transfers between the school and the home and what children eat.

But I am sure other members of the panel, Ms. Gravenmeir might have something to say. She has a very active nutrition education and information program going in West Virginia.

Ms. **Gravenmeier**. Yes, Congressman. In 1975 we had a Section 6 funded project with the U.S. Department of Agriculture which examined the effects of a nutrition education program in a selected number of schools.

One of the identifying effective measures was to determine if there could be a reduction in platewaste as part or as a result of a nutrition education program.

Now, the schools selected were randomly selected to be representative of a cross section of elementary schools within the State. Platewaste was measured in terms of the amount of waste of some specifically identified items of food which were normally be not well known to children. These of course would vary from State to State.

But in our particular State, none of those items—these items were things like tacos, broccoli. Another one was raw cauliflower.. The study was evaluated by our bureau of research, planning, and evaluation. There were enough youngsters involved in this phase of the study to be statistically valid.

Our research planning and development bureau found that there was a statistically significant difference in the amount of raw cauliflower, in the amount of broccoli, and the amount of tacos which were thrown away before and after the nutrition education had and had not been initiated on a schoolwide basis by every teacher within the particular school we were working with.

The platewaste was lower as a result of this 10 week nutrition education program.

Mr. Le Fante. Thank you. Are there any other questions from the panel? If not, I would like to use the remaining few minutes, first of all, to apologize for bouncing in and out of here. It is just one of those days.

I would like to take this opportunity, if I may—and at any time you think I am incorrect, please correct me—I want to see if I have this thing in the proper perspective.

We are talking about a program that is some 30 years old. We know as Congressmen that the correlating expertise should be related and incorporated and married to quality and professionalism of the Department of Agriculture. We are told that is not in practice.

We are also told that there were some half million dollars spent recently in making surveys and processing applications to see who would qualify for these programs. We are told by everyone that has appeared before us and by people in our districts that there is entirely too much red tape, too much waste with paperwork.

There seems to be more emphasis on the paperwork and red tape than there is in actually providing the program. We get to a point of frustration because we also know that President Ford made many cuts in the program funds, and President Carter saw fit to restore them in some areas.

President Ford cut the state administrative expenses by one-half. President Carter did not restore that portion, but he did restore other portions. We are told that administrative dollars are sorely needed for the programs to be evaluated and to monitor for future needs.

Senator Humphrey appeared on television recently, and he wants to open it up to everyone, elderly, young, needy, to nutritional centers and to community centers.

And yet I will pick up a paper and I will read a story about 60 percent of Americans suffering from malnutrition. Then I will read another story that says the only reason the meal program has come into being is because one year we had a tremendous surplus, and rather than waste it we decided to give it to our school children.

So everyone who becomes involved with this program, whether we authorize or appropriate funds for it or administer it, becomes frustrated because 82 percent of my district went to the polls to vote in the Presidential-Congressional race. And yet only 11 percent went to the polls and elected the school trustees who are responsible for hiring the administrators, who are responsible for sitting down and working out these programs.

These people have to go by regulations and guidelines that are set down for this program.

I think Ms. Martin mentions something important in her testimony on page 8, and I would like to quote it, "Congress has been aware of the situation. In Public Law 94–105, October 1975, the USDA was directed to make a special study and report to Congress by March 1, 1976," which was a year ago, "of the level of funds needed for state administrative purposes. Collections of data and other information from state agencies for the purpose of the study was completed many months ago. However, the decision to release the results of the study is still pending in OMB."

Well, this committee member is going to ask Chairman Perkins to send a letter to Secretary Bergland and perhaps when he testifies on the subject March 31, he can make that study a part of the record—if it is ready.

I mention this because in Ms. Martin's testimony she said that there is clearly "a need for legislative changes to resolve this dilemma. State agencies must have assurance of the level of administrative funds available in advance of each school year, in order to recruit and employ additional personnel needed to administer the child nutrition programs. This type of legislation is in effect for other programs, such as food stamps, et cetera.

In addition there needs to be not only an assurance of funding but regulatory provisions to assure that adequate staffing is provided to implement programs authorized by Congress.

This is where, in my opinion, a dilemma exists. There are too many individuals setting regulations down that really don't know the intent of Congress when they implement the program. I might add, there seems to be some deficiency in the quality, when your own professionals appear before us with a list and tell us why the programs are not working.

Some of the 15 factors Ms. De Zeeum referred to in her testimony refers to quality of food, employee attitudes toward children, teachers' attitudes toward the program, parents' attitudes, meal patterns at home, attitudes, peer pressures and priorities of the day, attitudes.

So you begin to ask yourself, where are we going? We keep spending money, and I don't mind telling you, we get a little spanking because of all this so-called waste that has been referred to.

I have not seen this waste, but I am going to make a special effort to become involved, totally involved, in the programs in my district and maybe take inventories.

Mr. Heftel?

Mr. HEFTEL. I am interested in the fact that we have a group, all of whom, with little exception, are wearing a badge which I assume is the association of which you are president.

I think it might be enlightening for all of us if we could devise a question such as how many of you would make major revisions or changes in the program, or feel that it is not meeting its stated objectives as you understand them? How many of you would be in that position? Would you raise your right hands? To the extent, that is, that you would be that critical of the program.

Conversely, how many would raise your hands and say that you are satisfied with the program and feel it should be renewed for 5 years and little change is needed?

So virtually, about 10 percent would say that the program should go on for 5 years with little change and they are satisfied with it. Ninety percent are silent, and 100 percent are not ready to make major criticism of the program. That is not a very statistically sound approach, but it does tell us something.

Mainly, there is not great show of hands to say we are behind it 100 percent and we are pleased. On the other hand, there are very few willing to say they think the program has major defects and they want to see changes because it is not working effectively.

The third question is, are you afraid to raise your hands about anything for fear you might have some backlash and you would rather just not get involved?

But you see, we depend, and the chairman and I are sharing an experience we have had with our colleagues and our constituents, we have a problem of input.

The input we are getting—and I think this is reasonably accurate—there is waste due to inefficiency, red tape, lack of judgment. I am getting people nodding their heads to that throughout the room as I say that.

How do we, as Congress, as a Committee of Labor and Education, some freshmen, some 20-year veterans, how do we revise the program?

Well, we have to get input. You should normally be the best source of input. That is why we are holding these hearings. Perhaps we need more indepth response from the districts, as opposed to a single individual having a very successful program in Georgia or Florida that is maybe an exception to the rule. It could be that that is not the way to make our judgments.

Mr. **Le Fante**. Mr. Heftel, I think at this point I am convinced, though not thoroughly convinced, that the dollars are sorely needed at the State administrative level. I think it has to begin there, and yet I am curious to know why President Carter did not consider restoring those funds.

I think there is some relationship. You know, when you are looking for the solution to a problem, they say go to the heart of it. What better place than to the State? I know for a fact from the little I have seen that the quality of some of those involved in these programs, the quality of their talent or professionalism leave a lot to be desired. I think the entire field is neglected.

I am involved in Pace College in New York now trying to bring some of the dieticians' salaries up to standard. When I walk into a hospital and I see a dietician being paid $4.95 who has gone to college for 7 years and has taken courses in post-graduate work, but yet the man that is responsible for the entire kitchen is getting $38,000 a year because he had a White Tower hamburger stand on the corner and he is supposed to be the expert, well then, I think there is something wrong.

I think that even though it may be in an institution, in a hospital, it spills over into the professions. People have told us as Congressmen that when groups like this appear before us, we would listen to them but don't put too much stock in what they say because it is a special interest group.

But I am going to assure you that this committee has an open mind. We know where the problems exist. We are going to direct ourselves to that State administrative level. We are going to be in touch with the White House and find out why President Carter did not consider restoring those administrative dollars.

We are going to ask Mr. Perkins to send a letter to Secretary Bergland. Perhaps when he testifies on March 31, he will have the information we seek in the State administrative study.

Other than that, there is nothing more that I can add. I appreciate your attendance. Thank you so much. Your testimony is on record and we will consider it.

Ms. Martin. Thank you.

Mr. Le Fante. I also understand that when President Carter received President Ford's budget, he didn't look at any item involving less than $100 million. So you know, the State administrative question was probably not reviewed in its entirety. Let's hope that was the reason.

Ms. Martin. I think that was it.

Mr. LeFante. Thank you for coming.

Ms. Martin. Thank you.

[Whereupon the committee adjourned.]

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

THURSDAY, MARCH 17, 1977

House of Representatives,
Subcommittee on Elementary, Secondary and
Vocational Education of the Committee on
Education and Labor,
Washington, D.C.

The subcommittee met at 1 p.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Miller, Kildee, and Buchanan.

Staff present: John F. Jennings, majority counsel; and Charles Radcliffe, minority counsel.

Chairman **Perkins**. The subcommittee will come to order.

Last summer, as a result of the subcommittee's oversight hearings, I became appalled at the allegations which were being made about fraud and waste in the summer feeding program.

As a result, I asked the General Accounting Office to begin an extensive review of the program and to report back to us on its findings. The GAO will testify before us at 9 a.m. next Wednesday morning with its results.

I also sent majority and minority staff members on a field investigation of the summer feeding program in Los Angeles. Their report confirmed that problems existed in the program out there, but it also showed that many thousands of children were receiving meals that would not otherwise be receiving them but for this program.

This is the problem we will face in the next several weeks as we review that program again and write legislation to extend it. How can we root out any fraud and waste while still keeping in existence an essentially good and needed program?

As we review the summer feeding program, I want the committee members to be aware of the fact that the Department of Justice and U.S. attorneys throughout the country are investigating the program for fraud and waste.

I encourage the Department of Justice to make the most thorough investigation possible and to bring actions against any person or organization who has stolen or defrauded this program. That type of person is of the lowest kind because they are stealing from the mouths of poor children.

I also want the public to know that this committee and its chairman will do everything in our power to clean up the summer feeding program and to restore it to its original purpose.

Today's hearing is on plate waste in the school lunch program, but I wanted to comment on the summer program since we do begin hearings on it next week.

Our first witness today is Dr. Grace Ostenso, Director of Nutrition and Technical Service Staff, U.S. Department of Agriculture. We also have Ms. Annie Galbraith, registered dietitian, past president of the American Dietetic Association; Dr. Richard L. Hall, chairman, food services task force, Maryland State Department of Education; and Mr. Stanley Silversweig, executive vice president, Scientific Resources, Inc., and Human Resources Institute.

I am going to ask all of you to come down and appear as a panel, and we will take your testimony, because the Congress is going to break up pretty quick and there will be no members here. It is agreed we will withhold the questions until you all testify.

Without objection, the prepared statements will all be inserted in the record.

Go ahead, Dr. Ostenso.

[The statement of Ms. Grace Ostenso follows:]

STATEMENT OF GRACE L. OSTENSO
DIRECTOR, NUTRITION AND TECHNICAL SERVICES STAFF
FOOD AND NUTRITION SERVICE
U.S. DEPARTMENT OF AGRICULTURE
before the
SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION
COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

March 17, 1977

Mr. Chairman and members of the Committee:

I appreciate the opportunity to discuss with you the issue of plate waste in the National School Lunch Program (NSLP). The Department, State agencies and local school districts who cooperatively administer the NSLP share the congressional and public concern of the amount of food reportedly unconsumed by children participating in the NSLP. It is recognized that unless foods served are consumed by children the broad goal of the NSLP, "-- to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other food --", cannot be achieved. Meals which have been prepared and served, yet remain uneaten, not only reduce the nutritional impact of the program but result in an ineffective use of both food and dollar resources.

My remarks will briefly summarize the Department's efforts to study the degree of food waste in the NSLP and, where possible, its relationship to food waste in other types of group feeding situations, some factors contributing to food waste, actions taken by the Department to minimize food waste, and recommended approaches to increasing the consumption of nutritious food served in the NSLP.

(more)

However, let me first address the Department's report to the Congress on plate waste. This study, mandated by Public Law 94-105, enacted in October 1975 was to be submitted to the Congress on March 1, 1976. I regret to report that the Department found it necessary to extend the time for submission of the report and thus forwarded an appropriate delay notice to the Congress. The timeframe of 20 weeks was not adequate to plan and conduct a scientifically sound study addressing this important issue.

The congressional request for a plate waste study resulted from concern about the nutritional and cost effectiveness of the National School Lunch Program. The determination of factors affecting plate waste and recommended solutions are but one component of this complex issue. The answer does not lie simply in knowing how many pounds of food are wasted in the Nation's lunchrooms, but requires an analysis of the types and amounts of foods being wasted and the effect of this unconsumed food on the nutritional intake of the child. We expect the statistical analysis of the interrelation of food consumption to the nutritional contribution of the lunch to be completed by late April. The final report will be prepared and submitted to the Congress several months thereafter.

FOOD WASTE -- PERSPECTIVE AND CAUSE

In 1975, the Department contracted for literature review of food waste in the NSLP and similar group feeding situations. The review was to specifically address food waste relative to: degree and severity, influencing factors, impact of nutrition education and recommendations for the NSLP.

This review revealed that "The literature on school plate waste and, indeed, institutional plate waste of any sort, is on the whole sparse, anecdotal, journalistic, and not up to scientific standards. A general impression that waste is a problem is conveyed. The data is, however, inadequate to draw more than superficial conclusions or to suggest definitive remedies."

Although few studies are available to use as a basis for comparing food waste in schools with other group feeding situations, the literature available indicates that the degree of waste is within the same range in all group feeding situations reported.

This literature review did identify primary factors affecting plate waste which may be summarized as follows:

- type of food served, children's familiarity with the food, and the opportunity for choice of foods.
- food preparation methods, quality of food served, attractiveness of food and portion size.
- type of delivery system, ranging from on-site food preparation and service to preplated meals delivered to schools.
- lunchroom environment, atmosphere in which food is served, time spent waiting in line, time allowed for eating, seating arrangements, supervision, decor of eating area.
- commitment of school administration and community.
- availability of nutrition education, encouragement of students to eat nutritious foods.
- personal and social aspects affecting food consumption, encounters with socially divisive situations, peer group pressures.

SELECTED DEPARTMENT STUDIES COMPLETED

Nutrient and Food Consumption in the NSLP. The Type A Pattern which specifies the meal requirements of the NSLP was designed as a guide for providing approximately one-third of the Recommended Dietary Allowances[1] (RDA) for 10-12 year old children. Although this meal pattern neither dictates nor indicates the degree of food consumption, it does represent the approximate nutrient level available to the child. Therefore, in 1966 the Department's Agricultural Research Service and Consumer and Marketing Service conducted a study to provide through laboratory analysis actual nutritive data on lunches as served in 300 schools to evaluate the effectiveness of the Type A Pattern as interpreted by schools in meeting the nutritional goals of the program.

Results of the study indicated that, on the average, lunches as served in all schools met or exceeded the goal for most nutrients. Recommendations were made pertaining to menu planning to increase the quantity of those key nutrients which were less than the goal.

To date, no additional laboratory analyses of meals as served have been conducted by the Department. However, several independent researchers have conducted similar analyses on a limited number of lunches. The Department has, however, conducted a number of pilot studies which included components to determine, on a calculated basis, the nutritive value of lunches as planned, served and consumed. Other studies having impact on the issue of food waste have been undertaken to: 1) develop and test menu planning techniques as possible options to the Type A pattern, 2) develop innovative training programs for school foodservice personnel, and 3) coordinate health education activities with the formation of good eating habits in the lunchroom.

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[1] Established by the National Academy of Sciences, National Research Council, Food and Nutrition Board

Let me mention but a few of these studies. In 1976, a pilot study to assess and compare the nutritional and microbiological aspects of food delivery systems used in school foodservice was completed. The study was designed to provide an analysis of difference between the following types of delivery systems: 1) on-site preparation and service, 2) central preparation with hot bulk delivery, 3) central preparation with chilled preportioned delivery, and 4) frozen preportioned delivery. Significant differences in the amount of plate waste for the delivery systems tested were indicated; however, the differences for most food items were small. On-site preparation and service had a higher rate of consumption than did chilled or frozen preportioned meals.

In 1975, a contract was completed to determine, in addition to other objectives, the effects of school feeding programs on the dietary profile of school children in the State of Washington. Results indicated that the school lunch contributed between 28 and 47 percent of the total daily energy and nutrient intake of participating children.

In 1972, a study was conducted to develop new menu planning techniques based on calculated nutrient values of food rather than the food component approach of the current Type A Pattern. Following the development and testing of this nutrient approach, menus planned using the techniques were compared with Type A menus to determine food acceptability and to analyze, on a calculated basis, the nutrients as planned, served and consumed. Computer-assisted menu planning techniques were also developed and tested; similar data on food acceptability and nutrient consumption were obtained. The Department continues to work with selected schools in refining these menu planning techniques as possible options to the Type A Pattern.

Training of School Food Service Personnel. One cause of food waste is unattractive, unappetizing food. Quantity preparation and service of quality food in an institutional-type setting is a complex task. The available expertise is limited and the need for additional training of school foodservice personnel is apparent.

The Department has provided for training through: 1) basic program aids, 2) Regional seminars, 3) establishment of the Food and Nutrition Information and Educational Materials Center at the National Agricultural Library to provide for the acquisition and lending of training materials 4) grants to State agencies to improve the technical skills and competencies of local school foodservice personnel and 5) a television series emphasizing the principles of nutrition and food service management.

Recently, contracts were completed which developed manuals for use by supervisors in conducting training courses at the State and local levels and a correspondence course based on self-paced learning concepts for personnel unable to participate in formal classes. To provide additional guidance relative to training needs, a study was just completed to develop a profile of the education and training of school foodservice employees.

Nutrition Education. An awareness of the importance of nutrition to health and the development of good food habits also plays an important role in food consumption. Thus, the Department has provided grants to selected State agencies to: 1) conduct demonstration projects to develop foodservice related nutrition education programs through a Nutrition Education Specialist at the State level, 2) assess the effectiveness of nutrition education programs in relation to their influence on participation, food acceptance and plate waste and 3) develop training modules and identify competencies needed by foodservice managers and teachers to implement nutrition education in the elementary schools through a team approach.

SELECTED DEPARTMENT STUDIES IN PROCESS

Since the enactment of P.L. 94-105 in October 1975 authorizing the Secretary to carry out a study to examine possible relationships between plate waste and 1) lack of adequate menu development, 2) the service of competitive food, and 3) the nature of the Type A Pattern, the Department has initiated several studies to provide additional data for the report to the Congress.

The Food and Nutrition Service (FNS) has recently conducted a review of the Type A Pattern in cooperation with the Agricultural Research Service (ARS), taking into account the 1974 revision of the RDA. This review considered new information about the nutritional needs of children, food consumption, nutrient contribution of the lunch, food preferences, interpretation of the Pattern at the local level, and concerns of State agencies and local school districts.

The current review of the Type A Pattern has led to the development of recommended revisions which are under consideration by the Department. In an effort to reduce plate waste while maintaining the nutritional goal of the lunch program, the revisions would specify minimum meal requirements by age/grade groups, thereby allowing significantly smaller portion sizes for elementary school students while more accurately meeting the nutritional needs of children of all ages. The recommended revisions are discussed in Attachment A.

The Department is interested in studying other flexible approaches to menu planning which might increase the accountability of meals served, thereby increasing student participation and decreasing plate waste among high school students participating in the NSLP. It is recognized that eating habits are well established by the time a child enters high school, and that these eating habits differ from those of students a generation ago. It is therefore anticipated that new approaches to menu planning could be used as a guide for planning menus for high school students and as a tool for monitoring meals designed to meet the dietary needs of these students. Therefore, in 1976 the Department contracted for a pilot study to compare the Type A Pattern as interpreted through the offer vs. serve provision with selections from 1) the Basic Four Food Groups, 2) "free choice" lunches and 3) the basic Type A Pattern. The specific objectives of the study are to compare the alternative lunch patterns with regard to: (1) nutrient content of lunches as served and as consumed, (2) amount of plate waste, (3) food cost, (4) management factors, and (5) degree of student satisfaction.

During the 1974-1975 school year, the Department undertook a study to determine the degree of plate waste as well as the nutritional contribution of meals served to and consumed by children. Data were collected from a nationwide sample of 104 schools. The sample represented both schools with on-site food preparation and schools using delivered pre-prepared meals. To determine the amount of food waste, each menu item served was weighed and compared against the weights of menu items not consumed by a total of 3,120 students. As I mentioned earlier, statistical analyses of the data are in the final stages of completion.

Data from all the studies mentioned will be utilized in the final report to the Congress which will be designed to analyze the types and amounts of food unconsumed, the effect of this unconsumed food on the nutritional intake of the child and the objectives of the NSLP, as well as recommended solutions.

APPROACHES TO MINIMIZING PLATE WASTE

Program experience and study results to date indicate the following are appropriate means of minimizing plate waste in the NSLP:

Provide Quality Food through Effective Foodservice Management

1. Increase understanding of school foodservice personnel in subjects of good menu planning, quality food production, and imaginative techniques for merchandizing school lunches. Menu planners must be aware of the proper techniques for using the Type A Pattern to provide nutritionally adequate meals using a variety of foods of the kinds and amounts children will enjoy and consume.

2. Develop materials to assist school foodservice personnel in planning menus and writing specifications for pre-prepared foods as well as food handling techniques and serving methods for these foods. Monitoring guidelines should be provided for State and local school foodservice personnel.

3. Implement the recommended revision of the Type A Pattern to provide more flexibility in portion size adjustment according to age groups and to permit more use of conventional foods. (See Attachment A.)

4. Expand the use of nutrient standard methods of menu planning as an alternative to the current Type A Pattern in school districts where the expertise and management capability are available.

Develop an Awareness of the Importance of Nutrition to Health

5. Direct nutrition education activities toward the emphasis of foods, the development of good eating habits and their relationship to health, growth and development. Nutrition education activities should utilize modern teaching techniques that relate nutrition to day-to-day activities in both the classroom and the lunchroom.

6. Encourage more schools to involve students in the lunch program through activities such as menu planning, cafeteria decoration, and building a student awareness of nutrition and the importance of minimizing plate waste.

Enlist the Support of School Administration and Program Cooperators

7. Emphasize the importance of a complete lunch program in which all persons involved contribute to its effectiveness. Encourage school administrators and teachers to assist the school foodservice manager and students in developing an effective program. Encourage the school administrator and teachers to eat with the students and to schedule lunch periods that minimize length of serving lines and provide adequate time for eating. Encourage all school personnel to establish effective communications with parents and the community.

8. Encourage schools to provide choices for elementary and secondary students within each component of the lunch.

9. Encourage schools to eliminate the sale of "snack" foods during the lunch period.

SUMMARY

Some food waste in any type of setting, family or institutional, is inevitable. However, there is an unquestioned need for this public program to maximize the nutritional benefits provided to children and minimize the amount of food waste. In support of these needs, the Department has moved beyond the consideration of the NSLP as solely a delivery system available to the maximum number of children to the discernment of the foods required and consumed. The steps involved in the attainment of the objectives include:

1. Careful evaluation of the meal pattern requirements against accepted national standards of dietary needs. The evaluation is completed.
2. Analysis of meal pattern requirements in relation to present patterns of consumption in the school lunch program. The data have been collected and are being analyzed.
3. Development, in cooperation with the nutrition community and administrative officials, of clear regulations which will assist in achieving program objectives and improved food service management.
4. Development of materials to reinforce training and monitoring functions carried out by State and local agencies.
5. Further monitoring of the actual impact of these regulatory changes and identification of problem areas in need of immediate corrective action.

This concludes my opening statement.

Attachment A

THE TYPE A PATTERN

The Type A Pattern has been the guide for meals served under the National School Lunch Program since the 1940's. This Pattern was designed to provide meals furnishing approximately 1/3 or more of the Recommended Dietary Allowances (RDA) established by the National Academy of Sciences, National Research Council, Food and Nutrition Board, for 10-12 year old children. It was not envisioned that a minimum of 1/3 RDA would be provided each day, but that this goal would be achieved on an average over the week.

Type A Pattern Design

The current Type A Pattern is shown in Figure 1 under the column marked Ages 10-12. Regulations encourage younger children to be served lesser amounts of selected foods and older boys and girls larger amounts consistent with their nutritional needs. Guidelines for the amounts of food to serve younger and older boys and girls are shown in the remaining columns of Figure 1.

Although present regulations permit the adjustment of amounts of foods served, this is not carried out by all schools. In addition, some amounts of food as specified may be inappropriate for some age groups. Both of these factors could influence the degree of plate waste.

A recent review of the Type A Pattern, based on the 1974 revision of the RDA, has led to recommended revisions. The Department has discussed these recommendations with State Child Nutrition Directors, the American School Food Service Association, the American Dietetic Association and other interested groups. These groups are in general agreement with the recommendations. Therefore, the Department is considering a proposal to specify in the regulations specific minimum meal requirements by age/grade groups, thereby allowing significantly smaller portion sizes for elementary school students while more accurately meeting the nutritional needs of children of all ages.

The basic revisions being considered are shown in Figure 2. Another major change would provide for the inclusion of enriched rice and pasta products in the bread alternate group. Present regulations recommend the inclusion of "other foods," such as rice, macaroni etc., not part of the lunch requirements to complete lunches, help improve acceptability, and provide additional food energy and other nutrients. The inclusion of these foods and the need for nutrients provided by bread resulted in a slight increase in quantities of bread and/or alternate. It is not envisioned this requirement will appreciably increase the amount of bread or alternate served since this requirement would be expressed on a weekly rather than daily basis as currently specified. As an example, when sandwiches are served, credit could be given for two servings of bread under the proposed regulations rather than only one as previously credited.

It is anticipated that such changes in lunch patterns could decrease amounts of plate waste. Previous program experience has shown that younger children are the major contributors to the food waste problem. Accordingly, the meal patterns under consideration realistically reduce amounts of food for children in the lower age bracket. While amounts for older children are greater than required by the present Type A Pattern, they are similar to previous guidelines for amounts to serve secondary school children, and are necessary to meet the nutritional goal.

Nutritional Goal for School Lunches

Approximately 1/3 or more of the RDA for various nutrients (except calories) is the goal of the lunch patterns for school age children. This goal of 1/3 RDA is believed to be justified even though studies show that many school age children eat more than three times a day and receive well over 2/3 of their nutrients from sources other than lunch. The prevailing fact is that some children rely on the lunch for approximately 1/3 or more of their nutrient intake. However, it is believed to be desirable for lunches to furnish less food energy as a percent of the RDA than the various other nutrients. Many children do not need a comparably high level of food energy at lunch time because food eaten at other meals and snacks frequently provide more than 2/3 of their daily energy requirements. Obesity resulting from an excessive intake of food energy is a major nutritional problem in this country, even among children. Lunches providing high levels of food energy may well contribute to many children overeating or discarding some food served to them. Lunches that make a nutritional contribution higher than the goals of the pattern for food energy and nutrients are desirable for some schools and probably for at least some children in many schools. However, the nutritional goal for a minimum amount of food to be served in lunches for all children in all schools in the program cannot be set to cover the higher nutritional needs of such children. Such a goal would be neither practical nor nutritionally sound for all children.

Additionally, the meal patterns being considered were designed with a nutritional goal of not more than 40 percent of food energy being derived from fat. This level of fat is lower than that found in diets of children in many school lunches studied by both USDA and other researchers, but higher than the level of 35 percent recommended by the American Heart Association.

For the meal patterns under consideration, four weeks of menus from each of 60 schools were used to determine how frequently specific foods were served. The nutrient value of the meat/meat alternate and vegetable/fruit components were determined by multiplying the frequency each food was served times the nutrient contribution of the particular food. The nutritive value of whole milk was used to represent the milk requirement, and the nutritive value of enriched white bread was used to represent the bread requirement. Once the average nutrient contribution was determined for each food component, varying portion sizes were used to determine the minimum amount required in combination with all other food components to achieve the desired nutrient goal.

The average level of key nutrients contributed by each food component of the revised pattern for the 9-12 year old is shown in Figures 3 and 4. As has been previously stated, kilocalories were not considered as a constraint when formulating the meal pattern. Therefore, the approximate level of energy that would be provided is 22 percent of the RDA rather than 33-1/3 percent as for other nutrients.

Criticisms of the Type A Pattern

The paucity of change in the Type A Pattern over the past 30 some years leads many people, including several prominent nutritionists, to proclaim that the pattern is out of date and not keeping pace with eating practices and life styles. Few realize the flexability afforded by the Pattern, the nutritional basis for the development of the pattern and that the pattern is revised as necessary each time the RDA's are revised. Over the years, the following changes have been implemented:

1) In 1969 the amount of butter/fortified margarine was reduced to one teaspoon and in 1976 completely removed from the meal requirements,

2) The definition of milk was changed in 1973 from whole fluid milk to include fluid forms of whole, lowfat, skim, cultured buttermilk and flavored forms of these milks,

3) The definition of bread was expanded in 1974 to include crackers, taco shells, pizza crust, etc.

These changes have significantly increased the flexibility of the Type A Pattern while maintaining the nutritional integrity of the Pattern as a guide for menu planning.

A frequent criticism has been that the Type A Pattern is not responsive to the protein contributions of food components in the pattern, because credit is not given for the protein in both meat and milk. As illustrated in Figures 3 and 4, the pattern does not require meat and milk for protein alone, but for all other nutrients as well. Using iron and thiamin as examples, the goal of 33-1/3 percent RDA could not be met without the specified quantities of both meat or alternate and milk.

Other concerns expressed about the Type A Pattern and the resulting changes reflected by the revisions the Department is considering are illustrated in Figures 5, 6, and 7.

Summary

Achievement of a nutritional goal is not only dependent upon a food guide such as the Type A Pattern but quality ingredients and preparation and service methods which produce menu items that are appealing in color, texture and flavor, and thus maximize the nutrient contribution of the lunch. These complex factors necessitate the development of a simple and easily implemented menu planning tool designed to yield menus which approximate the stated nutrient goal and simultaneously provide the menu planner with sufficient flexibility to utilize a variety of foods. The menu planning tool must also allow the child the opportunity to become familiar new foods and select preferred foods consistent with the principles of good nutrition. The meal requirements for school lunches provides this flexibility to both the menu planner and the child.

NATIONAL SCHOOL LUNCH PROGRAM
Guidelines for Amounts of Foods

	Pre-school Ages 3-6	Elementary School 6-10	 10-12	Secondary School 12-18
Meat and/or Alternate	1 ½ ounces	2 ounces	2 ounces	3 ounces
Vegetable and/or Fruit	½ cup	¾ cup	¾ cup	1 to 1½ cups
Bread	½ slice	1 slice	1 slice	1 to 3 slices
Fluid Milk	¾ cup	½ pint	½ pint	½ pint

$\underbrace{\hphantom{10-12}}_{\text{Type A Pattern}}$

Figure 1

CHILD NUTRITION LUNCH PATTERNS (proposed)

	Elementary School		Secondary School
	Age 6-9	9-12	12-18
Meat and/or **Alternate**	1 ½ ounces	2 ounces	3 ounces
Vegetable and/or **Fruit** (at least 2 kinds)	½ cup	¾ cup	¾ cup
Bread and/or **Alternate**	8 Alternates per week	8 Alternates per week	10 Alternates per week
Fluid Milk	¾ cup	½ pint	½ pint

Figure 2

PERCENTAGE OF THE RDA

1974, Provided by
Components of the
Child Nutrition Lunch Pattern

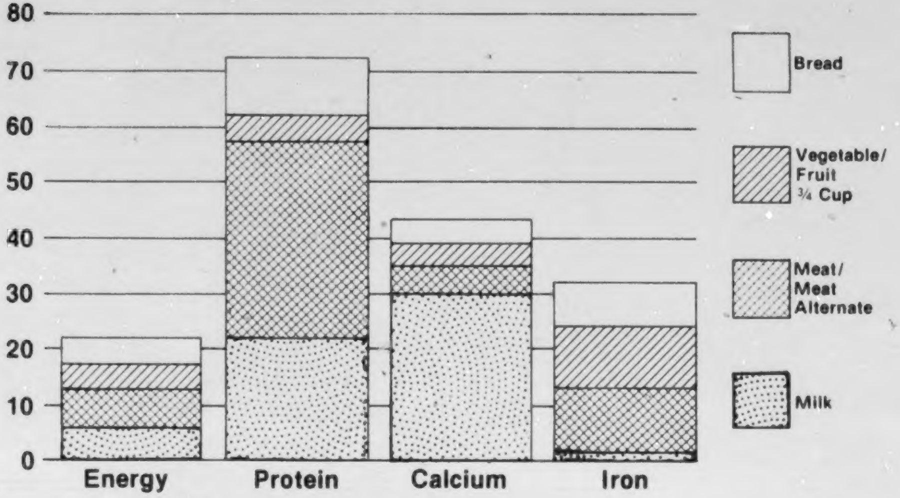

Figure 3

PERCENTAGE OF THE RDA
1974, Provided by Components of the Child Nutrition Lunch Pattern

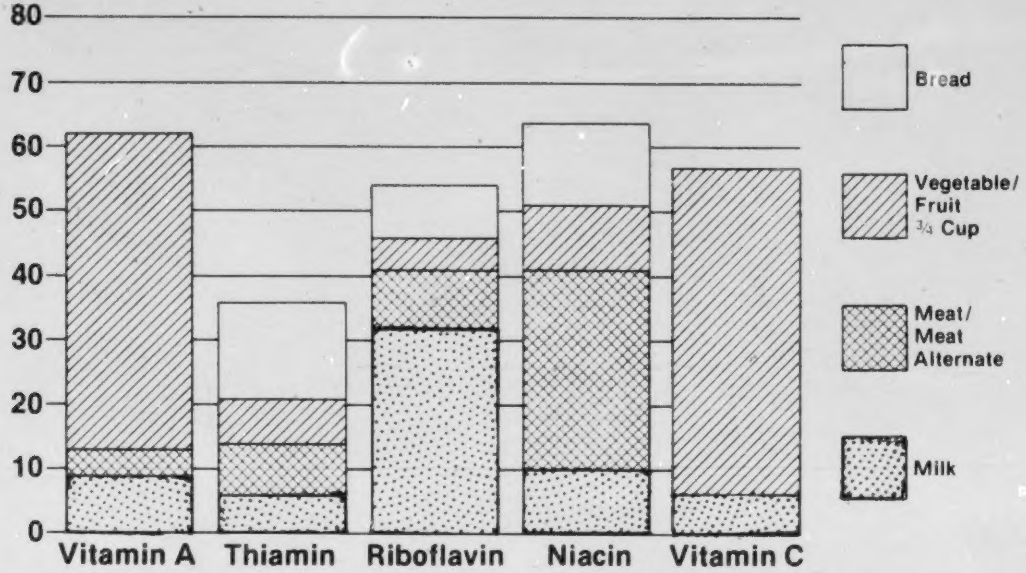

Figure 4

TYPE A PATTERN

Problems	Changes
Nutritional quality of the lunch is questionable because the pattern:	
Is based on RDA that are out of date.	Most recent RDA (1974) were used.
Provides too little iron.	Well over 6 mg of iron per 1000 kcalories—the amount expected from a varied, well-balanced diet—is provided.
Is too high in carbohydrates.	Rice, macaroni and noodle products have been included as bread alternates.
Promotes lunches that are high in fat content.	Butter-margarine requirement is deleted from pattern.

Figure 5

TYPE A PATTERN

Problems	Changes
Excessive plate waste occurs because the pattern:	
Requires foods that are unpopular, notably vegetable and fruits.	Amounts of vegetables and fruits for children of some ages have been reduced.
Requires more food than some children can eat.	Pattern is specific for 5 different age levels.
Results in lunches unlike those children usually eat.	Flexibility is added. Rice, macaroni and noodle products may replace bread.

Figure 6

TYPE A PATTERN

Problems	Changes
Costs of lunches are high because the pattern:	
Requires too much meat.	Amounts of meat for children of some ages have been reduced.
Requires too much food.	Amounts of food are specified to meet needs of 5 age levels. Some foods previously recognized as ''other foods'' will be credited.

Figure 7

STATEMENT OF GRACE OSTENSO, DIRECTOR OF NUTRITION AND TECHNICAL SERVICES STAFF, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY WILLIAM G. BOLING, DIRECTOR, CHILD NUTRITION DIVISION, U.S. DEPARTMENT OF AGRICULTURE

Ms. OSTENSO. Thank you, Mr. Chairman. I appreciate the opportunity to discuss with you the issue of platewaste in the National School Lunch Program. The Department, as well as the State agencies and local school districts who cooperatively administer the program share the congressional and public concern of the amount of food reportedly unconsumed by children participating in the National School Lunch Program.

It is well recognized that meals which have been prepared and served, and yet remain uneaten, not only reduce the nutritional impact of the program but result in an ineffective use of both food and dollar resources.

As you indicated, my testimony will be entered into the record and I, therefore, will briefly summarize that testimony and point out some of the major issues.

Chairman PERKINS. Without objection, your statement will be inserted in the record. You may go ahead and summarize.

Ms. OSTENSO. First: Let me address the Department's report to the Congress on platewaste. This study was mandated by Public Law 94–105, which was enacted in October 1975, and was to be submitted to the Congress on March 1, 1976.

The Department found it necessary to extend the time for submission of the report and thus forwarded a delay notice to the Congress. The time frame of 20 weeks was not adequate to plan and conduct a scientifically sound study addressing this important issue.

The determination of factors affecting platewaste and their recommended solutions are but one component of this complex issue. The answer does not simply lie in knowing the number of pounds of foods that are wasted in the Nation's lunchrooms, but requires an analysis of the types and amounts of foods beings wasted and the effect of this unconsumed food on the nutritional intake of the child.

We expect the statistical analyses of the interrelation of the degree of food consumption to the nutritional contribution of the lunch to be completed by late April. The final report will be prepared and submitted for clearance to the Congress several months thereafter.

As a part of this study, the Department contracted for a literature review of food waste as it was reported in the National School Lunch Program, and similar feeding situations. This review was specifically to address the food waste relative to degree and severity, influencing factors, impact of nutrition education, and recommendations for the National School Lunch Program.

The review, as well as studies conducted or contracted by the Department on nutrient and food consumption in the National School Lunch Program, will be included in the report to the Congress. Additional studies to be included are nearing completion.

During the past school year, the Department undertook a study to determine the degree of platewaste as well as the nutritional contribution of meals served to and consumed by the children. Data were collected from a nationwide sample of 104 schools. The sample represented both schools with onsite food preparation and schools using delivered, prepared meals.

To determine the amount of food waste, each menu item served was weighed and compared against the weights of menu items not consumed by a total of 3,120 students. As I mentioned earlier, the statistical analysis of the data are nearing completion.

To address the nature of the type A pattern, as the study requested, the Food and Nutrition Service, in cooperation with the Department of Agriculture Research Service, has recently completed a review which took into consideration new information on nutritional needs of children, food consumption, nutrient contribution of the lunch, food preferences, the interpretation of the type A pattern at the local level, and the concerns surrounding the pattern of the State agencies and local school districts.

This review of the type A pattern has led to the development of some recommended revisions, which the Department is now considering, in an effort to reduce platewaste, while maintaining the nutritional goal of the school lunch program.

The revisions would specify minimum meal requirements by age or grade groups, thereby allowing significantly smaller portion sizes for elementary school students, while more accurately meeting the nutritional needs of children of all ages. The recommended pattern changes are discussed in my testimony. I would like to summarize those recommendations for you and refer you to the figures following page 7 in the attachment.

Figure 1 illustrates the current type A pattern under the column for the 10- to 12-year olds. This type A pattern was designed to provide approximately one-third of the recommended dietary allowances, except for calories, established by the food nutrition board of the National Research Council, National Academy of Sciences.

The regulations presently encourage younger children to be served lesser amounts of selected foods and older boys and girls larger amounts consistent with their nutritional needs. There are guidelines illustrating the amounts of foods to serve younger and older boys and girls.

Although present regulations permit the adjustment of amounts of food served, variation in portion size is not carried out by many schools. In addition, some amounts of food as specified may be inappropriate for some age groups. Both of these factors could influence the degree of plate waste.

The basic revisions being considered which are based on the most recent revision of the 1974 recommended dietary allowances are shown in figure 2. Another major change would provide for the inclusion of enriched rice and pasta products as an alternate for bread. In the type A pattern, present regulations recommend the inclusion of other foods, such as rice and pasta products. There other foods are not a part of the lunch, but complement the lunch requirements, help improve acceptability, and provide additional food energy and other nutrients.

It is anticipated that these changes in lunch patterns could decrease the amounts of platewaste. Accordingly, the meal patterns under consideration realistically reduce the amounts of food for children in the lower age bracket. While amounts for older children are greater than required by the present type A pattern, they are similar to current guidelines and are necessary to meet the nutritional goals and requirements for that age group.

The average level of key nutrients are also demonstrated in the figures attached.

There have been some concerns expressed about the type A patterns. The major one is there has been little change over the past 30 years since the pattern was first developed, and this had led many people, including some prominent nutritionists, to proclaim the pattern is out of date and not keeping pace with today's eating practices and lifestyles.

Few realize the flexibility afforded by the pattern and the nutritional basis for the development of the pattern and that the pattern is revised each time the recommended dietary allowances are revised. Recent changes in the pattern are summarized in my testimony.

A frequent criticism has been that the type A pattern is not responsive to the protein contributions of food components in the pattern because the protein in both meat and milk is not counted. As illustrated in the figures 3 and 4 of my testimony, the pattern does not require meat and milk for protein alone, but for all other nutrients as well.

For example, in the case of iron and the case of thiamin, the goal of one-third of the recommended dietary allowances could not be met without the specified quantities of both meat or meat alternate and milk.

Other concerns and the resulting charges relative to that pattern are also presented in figures 5, 6 and 7.

Program experience and study results to date indicate that there are some appropriate means for minimizing platewaste in the National School Lunch Program: To provide quality meals through effective training of food-service personnel in subjects of good menu planning, quality food production, and imaginative techniques for merchandizing school lunches;

To implement the recommended revisions in the type A pattern to provide more flexibility in portion size adjustment according to age groups, as discussed.

Develop an awareness of the importance of nutrition to health and enlist the support of school administration and program cooperators; emphasize the importance of the complete lunch and the involvement of persons concerned; and encourage schools to provide choices for elementary and secondary students within each component of the lunch.

Some food waste in any type of setting, family or institutional, is inevitable. However, there is an unquestioned need for this public program to maximize the nutritional benefits provided and to minimize the amount of plate waste.

The Department has extended beyond the consideration of this program as solely a food delivery system available to the maximum number of children, but to look at the foods required and consumed. Several steps are involved to accomplish this:

A careful evaluation of the meal pattern. This has been completed.

An analysis of the meal pattern requirements in relationship to present consumption of food within the program. This is the data which has been collected and is being analyzed.

Then, to develop, in cooperation with the nutrition community and administrative officials, clear regulations which will assist in achieving program objectives and improved food service management.

Also, in the development of materials to reinforce training and monitoring functions carried out by State and local agencies, and ultimately, to monitor the actual impact of these regulatory changes to identify the problem areas in need of immediate corrective action.

Chairman PERKINS. Thank you very much. That was very good testimony.

Is Mrs. Galbraith here? Come on around.

Without objection, your prepared statement will be inserted in the record and you can just summarize your statement.

[The statement of Ms. Annie Galbraith follows.]

THE AMERICAN DIETETIC ASSOCIATION
430 NORTH MICHIGAN AVENUE, CHICAGO, ILLINOIS 60611
TELEPHONE 822-0330

Statement of

The American Dietetic Association
before the
Committee on Education and Labor
U. S. House of Representatives

March 17, 1977

Mr. Chairman, my name is Annie Galbraith, I am a registered dietitian and a past-president of The American Dietetic Association. I am employed as Associate Director of the Dietary Department and Dietetic Internship at the Massachusetts General Hospital in Boston. My testimony today is presented in behalf of The American Dietetic Association, an organization of over 30,000 members educated in the profession of dietetics. Its objectives are: the advancement of the science of dietetics and nutrition and the promotion of education in these and allied areas.

My comments today concern the Type A school lunch pattern and the objectives of this particular design for school food service.

The Type A meal pattern has been the model used to interpret the content of the subsidized school meal since the beginning of the National School Lunch Program in 1946. This pattern has become familiar to children, parents, educators, administrators and the school lunch staffs. In recent years, we have experienced some modifications in this pattern.

Changes to allow the use of low fat milk and to eliminate the required serving of butter or fortified margarine have been based on an increased knowledge of the fat content in the diet to health. The American Dietetic Association encouraged and supported these changes.

We did not support the rewording of the National School Lunch Act allowing all of the components of the nutritional meal to be "offered" rather than "served" in the secondary schools. We realize that this was done in an attempt to control plate waste. The content of the school meal, however, is intended to meet one-third of the daily nutritional needs of the consumer. We believe that this is scarcely possible when two of the five food items in the four components in the Type A meal may be eliminated at the choice of the student. Options within the categories are desirable and often possible when facilities are provided for on-site preparation and service.

Food contributes to the nutritional health of the individual only when it is eaten so food discarded is costly in two ways. It provides no nourishment and thus no benefit to the consumer. Secondly, it is wasteful of food, time and energy when it is prepared only to be left for refuse.

The Type A pattern when interpreted appropriately provides flexibility and allows for consideration of local food preferences. We believe that a concerted effort to provide acceptable food choices together with a related nutrition education program would encourage students to enjoy the full meal. Permitting unguided choices is contrary to the intent of the program.

The proposed Nutrient Standard Menu Planning (NSM) based on the Recommended Daily Allowances (RDA) is certainly an accurate approach to assuring that children receive one-third of their daily nutrient requirement in the meals served. Beyond the planning of the meal, however, there must be an established monitoring system to make sure that the specified amounts of nutrients are being provided in the food that is served. We question if Nutrient Standard Menu planning rather than the use of the Type A pattern can fully achieve the goals of providing an RDA profile to the child and at the same time further control plate waste. Certain conditions influencing the acceptance of food are related to factors other than the quality and quantity of the food itself.

School meals have some rather unique factors contributing to their possible success. Despite the fact that the meals are served in educational institutions the amount of time and money spent on nutrition education, especially using the school lunch room as a learning laboratory, are a mere fraction compared with the number of meals served and the total expenditure for the meal service.

Consolidation of schools and centralization of meal service preparation may appear economical and efficient but also important are: clean, light, reasonably attractive dining areas with comfortable seating providing for relatively small groups. The facilities should permit serving all patrons at a usual and customary mealtime. While the school day may not permit leisurely dining, it should at least not be described as rushed.

When we are attempting to influence and bring about behavioral change in a habit as basic as eating, it is even more important that we provide the proper atmosphere. We recommend that as a part of the education program designed to inform the public about any planned changes in the school meal, that there be attention given to the timing and the physical conditions in the dining area as well as the qualifications and the attitude of those assigned to supervise this important part of the school day.

We know that it is not enough to merely tell people that certain foods should be eaten because they are good for them. We must employ all of the knowledge that we have to bring about change in a habit as personal as eating.

In January 1977, the Senate Select Committee on Nutrition and Human Needs published "Dietary Goals" for this country. The report emphasizes the relationship of nutrition and health. The first of four recommendations to encourage the achievement of the dietary goal is "A large-scale public nutrition education program involving the schools, food assistance programs, the Extension Service of the Department of Agriculture, and the mass media".

In the foreward to this report, Senator McGovern says: "The purpose of this report is to point out that the eating patterns of this century represent as critical a public health concern as any now before us.

"We must acknowledge and recognize that the public is confused about what to eat to maximize health. If we, as a Government, want to reduce health costs and maximize the quality of life for all Americans, we have an obligation to provide practical guides to the individual consumer as well as set national dietary goals for the country as a whole."

In school meal programs as a "practical guide" the students, parents, teachers, school administrators and school food service staff should have a coordinated, sequential program in nutrition education. This program should be designed to help each assume his own particular responsibility in promoting nutritional health.

These newest dietary goals ask that we eat "less meat, less fat, less saturated fat, less cholesterol, less sugar, less salt and more fruits and vegetables, unsaturated fat and cereal products... especially whole grain cereals".

One objective of nutrition education is to help the person learn to evaluate his dietary patterns and to choose food combinations that not only satisfy appetite and hunger but also establish habits that are conducive to health maintenance.

Senator Charles Percy, a member of the Senate Select Committee on Nutrition and Human Needs, said regarding the dietary goals: "Action is needed to determine how changes can be made regarding the content of nutrition information provided to the public; the kinds of food produced; how foods are processed and advertised; and the selection of foods offered by eating establishments."

School food service is one of the largest "eating establishments" in this country. The habits developed during school years could do much to bring about the desired changes in our eating patterns.

Children, especially young children, can influence foods purchased and served at home by sharing their enthusiasm. School feeding programs have a distinct potential for recognizing cultural differences, preserving pride in ethnic dishes, and at the same time facilitating the acceptance of an increased variety of foods.

There is a need to educate those responsible for the preparation and service of the meal so that they appreciate more fully the contribution which they can make to the health of the children. They should have an understanding of the nutritional goals of the program and be able to assist in achieving these goals through their performance. Without such thoughtful assistance, our chances of success are diminished whether the traditional Type A pattern or Nutrient Standards are used.

Planning the meal is only the beginning. Buying, storage, preparation, service and sanitation, all contribute to the acceptability of the end product, the meal that is presented to the children. Failure in any one of these areas can influence the nutrient content and nutritional benefit of the food. We recommend that there be provision in all school meal legislation to educate the school food service staff to assume the important responsibility which they have for the health of their consumers.

Overconsumption of food is fast becoming a major health problem in this country. A pattern for school meal service which will allow the use of a portion size appropriate to the age group being served, will not only help to enable children to eat the complete portion but should also begin to assist us in solving the dilemma of overeating and its deleterious effect on health.

Dr. George Briggs, professor of Nutrition at the University of California, Berkeley, has estimated that improved nutrition might cut the nation's health bill by one-third. Reports from the Department of Health, Education and Welfare indicate that health care costs rose 14% last year, with the "health" industry having a value of $139.3 billion. In light of such information, we believe that the meals served in schools, along with nutrition education programs, carry an obligation to improve the food habits of the children.

In summary, we believe that students and the public must be made aware that school meals are not just a convenience; not just a hurried, noisy, stop-gap measure to assuage the appetite until a more substantial, more popular sustenance can be secured. Rather, they are well-planned, well-prepared, and served observing all of the latest scientific data we have related to diet and health. When we expect groups of children to perform in an orderly, cheerful fashion we must provide an atmosphere conducive to achieving this result.

Should there be a change from the familiar Type A pattern to a nutrient-based guide, all of the "publics" should be kept aware of the reasons for change and the goals of the change. Any pattern adopted should carry the assurance that it can be interpreted to meet local needs while at the same time provide nutritious meals that are monitored for nutritional adequacy.

In a program of the enormous scope of the National School Lunch Program this will not be an easy task. It will take time, people and money. We recommend that funds be earmarked in budgets at all levels to make this possible with professional assistance to assure sound nutrition education programs for all concerned.

School meals have become big business. Health care costs have become a major individual and national budget item. School meals planned, prepared and served based on up-to-date nutrition information must become a part of health promotion whenever and wherever they are served.

Thank you for this opportunity to present the opinions of The American Dietetic Association. I should be happy to respond to any questions which you might have.

STATEMENT OF ANNIE GALBRAITH, R.D., PAST PRESIDENT, THE AMERICAN DIETETIC ASSOCIATION

Ms. GALBRAITH. Thank you Mr. Chairman.

My name is Annie Galbraith and I am a registered dietitian and a past-president of The American Dietetic Association. I am employed presently as associate director of the Dietary Department and Dietetic Internship at the Massachusetts General Hospital in Boston.

My testimony today is presented in behalf of the American Dietetic Association, an organization of over 30,000 members educated in the profession of dietetics. Its objectives are the advancement of the science of dietetics and nutrition and the promotion of education in these and allied areas, and the improvement in the nutrition of human beings.

Today, we wanted to comment on the type A school lunch pattern and the objectives of that design for school food service.

The type A meal pattern has been the model used to interpret the content of the subsidized school meal since the beginning of the National School Lunch Program in 1946. This pattern has become familiar to children, but even more familiar to parents, educators, administrators, and the school lunch staff.

As has been indicated in the previous testimony, some modification has been made recently. We did not support the rewording of the National School Lunch Act allowing all the components of the nutritional meal to be offered rather than served in the secondary schools. We realize that this was done in an attempt to control platewaste. The content of the school meal, however, is intended to meet one-third of the daily nutritional needs of the consumer and we believe that is hardly possible when two of the five food items in the four components in the type A meal may be eliminated at the choice of the student.

We submit that options within the category are desirable and often possible when facilities are provided for on-site preparation and service.

The type A pattern, when interpreted appropriately, provides flexibility and allows for consideration of local food preferences. We believe that a concerted effort to provide acceptable food choices, together with a related nutrition education program, would encourage students to enjoy the full meal. Permitting unguided choices is contrary to the intent of the program.

School meals have some rather unique factors contributing to their possible success. Despite the fact that the meals are served in the educational institutions, the amount of time and money spent on nutrition education are a mere fraction compared with the number of meals served and the total expenditure of meal service.

Consolidation of schools and centralization of meal service preparation may appear economical and efficient, but also important are: clean, light, reasonably attractive dining areas with comfortable seating providing for relatively small groups. The facilities should permit serving all patrons at a usual and customary mealtime. While the school day may not permit leisurely dining, it should at least not be described as rushed.

When we are attempting to influence and bring about behavioral change in a habit as basic as eating, it is even more important we provide the proper atmosphere. We recommend that as part of the education program designed to inform the public about any planned changes in the school meal, that there be attention given to the timing and the physical conditions in the dining area, as well as the qualifications and the attitude of those assigned to supervise this important part of the school day.

In school meal programs, as a practical guide, the students, parents, teachers, school administrators and school food service staff, should have a coordinated, sequential program in nutrition education. This program should be designed to help each assume his own particular responsibility in promoting nutritional health.

One objective of nutrition education is to help the person learn to evaluate his dietary patterns and to choose food combinations that not only satisfy appetite and hunger, but also, establish habits that are conducive to health maintenance.

School food service is one of the largest eating establishments in this country. The habits developed during school years could do much to bring about the desired changes in our eating patterns.

Children, especially young children, can influence foods purchased and served at home by sharing their enthusiasm. School feeding programs have a distinct potential for recognizing cultural differences, preserving pride in ethnic dishes, and, at the same time, facilitating the acceptance of an increased variety of foods.

There is a need to educate those responsible for the preparation and service of the meal so that they appreciate more fully the contribution which they can make to the health of the children. They should have an understanding of the nutritional goals of the program and be able to assist in achieveing these goals through their performance.

Without such thoughtful assistance, our chances of success are diminished whether the traditional type A pattern or nutrient standards are used.

In summary, we believe that students and the public must be made aware that school meals are not just a convenience, not just a hurried, noisy, stop-gap measure to assuage the appetite until a more substantial, more popular sustenance can be secured.

Rather, they are well-planned, well-prepared, and served observing all of the latest scientific data we have related to diet and health. When we expect groups of children to perform in an orderly, cheerful fashion, we must provide an atmosphere conducive to achieving this result.

School meals have become big business. Health-care costs have become a major individual and national budget item. School meals planned, prepared, and served based on up-to-date nutrition information must become a part of health promotion whenever and wherever they are served.

We thank you for the opportunity to present the opinions of the American Dietetic Association, and I would be happy to try to respond to any questions which you might have.

Chairman PERKINS. We will hold the questions until later.

Is Dr. Hall here? Dr. Hall is not here.

Mr. Stanley Silversweig, executive vice president, Scientific Resources Inc. and Human Resources Institute.

STATEMENT OF STANLEY SILVERSWEIG, EXECUTIVE VICE PRESIDENT, SCIENTIFIC RESOURCES, INC., AND HUMAN RESOURCES INSTITUTE

Mr. SILVERSWEIG. I am delighted to have this opportunity to highlight our work in platewaste in Reading, Pa. I am executive vice president of a small management consultant behavioral science company. Over the last 12 years, we have been involved in hundreds of projects, basically to help people to solve all kinds of problems.

We are not a research-oriented company, or organization. We don't usually get involved to study problems. Rather, we get involved to help people to come up with solutions for problems. For example, just to give you a little background, we worked with Coca Cola, who has the largest orange groves in the United States, to try and change the living conditions in there among the migrant workers. That program is now a model in Florida. In New Jersey, the Department of Mental Health has asked us to help change the community attitude about institutionalization.

We also, recently, reduced litter in three American communities—in Charlotte, Macon, and Tampa, and actually helped those communities reduce litter by about 70 percent. The program we helped develop is now being applied in 100 other communities in the country, as well as 23 foreign countries.

We not only have a successful track record, somewhere about 80 percent, but a year ago, we were asked to help tackle the problem of food waste. We were really asked by the Reading, Pa. branch of the AAUW, the American Association of University Women. They, along with Coca Cola, were involved in trying to do something about food waste and platewaste. While they had some initial success, they really didn't come up with something that had any long-range success.

So, we accepted the mission of developing a replicable systems approach to the human problems associated with food waste, which would take into account the underlying culture that we found in the United States, which appears to accept and promote food waste as a way of life.

The objectives we set together were to really prove we could achieve significant, measurable decreases in the amount of food wasted, not only in schools, but in homes and other parts of the community, such as restaurants.

We set as an objective, making a significant shift in the changing of the food waste culture in this country, and trying to shift it into a food ecology culture. We wanted to develop a program with a package and an approach that any other community in the country could develop without any experts, and without any outside professionals.

We also determined that we would try to obtain the endorsement of the key reference leadership groups. Those are our objectives.

We have been working about a year now in Reading, Pa. We like to work in a specific place and tackle a real problem.

I would like to highlight some of the findings that I think are important and what we are all hearing about today.

We found not only is there an unwillingness to accept food waste as a significant problem among people in general, children and adults, but there is a strong belief that nothing can really be done about it.

In any case, we found an underlying cynicism. They think that we really can't change such a thing as plate or food waste.

Second: We found there was a tendency toward blame-placing. As I said, we have been involved in hundreds of projects and human qualities of, how do we, in effect, deal with our problems. This is endemic. But again, we found a tendency to try to find a scapegoat—a group that we can blame for the problems.

We have heard everybody claim, from the children to the teachers, to the school food service professional, who, in our opinion, are the leaders in trying to do something about this—we have even known Congress to be blamed for creating legislation contributing to waste in some way or other.

Our finding is that it is the whole system that really is at fault and the only way we can achieve results would be if we can change the system.

The third finding is, there is a lot of preaching going on. A lot of programs—like the Chairman talked about—the children who are starving, don't waste any food—this kind of preaching is the type of approach that really gets people's backs up. We found in Reading, Pa., that people weren't interested in being preached to. But what they were interested in is specific techniques. They don't want to be made to feel guilty with negative putdown-type things. We found, because of this feeling of frustration, most people don't measure the amount of food waste going on in the cafeterias or wherever they are responsible.

We built in measurements, and in the literature and studies, we found that—this is not a full scientific study—but that the waste was about 10 percent in the home, elementary schools, junior high schools; and 20 perecnt in the high schools; and 8 percent in private colleges that are involved. In Albright College, it is about 12 percent.

We found, also, people don't have the facts. We found that people, in our testing them, don't know what food is, not really. They didn't understand the U.S. food system, how we get food to our plates. They didn't understand the energy waste implications, the food waste, that the food system is an energy-intensive system. It takes nine calories of energy resources to deliver one calory of food to every plate.

We found they weren't aware of where this waste was occurring. They were quick to place blame, but did not really understand all of the facts. We even found a relation to what one of the other speakers said, that even the food service professional was unclear—as the woman said before—about they weren't sure whether, in fact, they were expected to minimize or to give the elementary school smaller portions.

They knew it might be the law, but they really weren't sure what was expected. So, the confusion of fact was even there.

We found the efforts to change things generally are attributed to the do-gooders and many people in the community didn't want to get involved and didn't accept that it was a communitywide problem.

We think we have turned that around in Reading, Pa. We had communitywide representation in trying to do something about that. We find, like in so many human factors, a fragmented, not systematic approach to change. The people set up poster contests. A speech given at a ceremony or even hearings in legislation like this one, won't really solve the problem until we can mobilize all the resources in our communities.

The last finding was that people focus on individual behavior and not on the underlying culture that supports what is going on.

I would like to take just a minute-and-a-half, or 2 minutes, for you to listen to some school children—it is a live tape—in Reading, Pa. I would like for you to listen to what they think is OK in our culture; what they think is expected; what they think is supported by all of us; what they think is OK because they have seen it modeled all around in schools, restaurants, and watching their parents. They listen and this is how they pick up some of these tendencies, to place blame and, unfortunately, the feeling that nothing is really going to be done.

[A cassette tape was played.]

What we found was people tend to buy too much, prepare too much, serve too much, eat too much, and then throw away too much of their food on their plates. We are all involved in that. This is really a progress report. We have about 1,000 of the 250,000 people involved in Reading in about a year. We don't know whether or not we can accomplish anything but we are getting the facts to people through slide-tape presentations that are currently being given by the local community.

We are avoiding any kind of blame placing. It is community-wide. The Lion's Club is scheduled to see this presentation. We are using a systems approach. We have gotten a lot of people organized and involved in the workshops. We have media support. We have baseline measurements. There are communitywide. Whether or not we can accomplish anything—the communities organized a task force. We have special booklets, a series, of what to do with specific suggestions for every member of the population. We are pretty confident of success.

We think that we might be able to achieve, working together in the community, an actual reduction in platewaste. We don't know, 25 to 50 percent—I have given these presentations to 500 people, and I see a change in attitude as people get the facts.

We think that will be a replicable system that somebody could use in any community without any kind of outside help. Already, we have begun to get some endorsement. We have talked to people in the USDA. We presented this to the USDA Food Service. Many of them were enthusiastic at seeing the whole program. I presented it to some people in Macon and I think the enthusiasm of it—it is not formal endorsement—but we can demonstrate we can really do something. Perhaps this committee, at some point a year out, would say, this is a good program.

Chairman **Perkins**. Let me compliment all the witnesses, today.

I want to make it perfectly clear that none of us should tolerate platewaste. Food is too precious a commodity. It behooves us all to exercise the highest degree of care in every way possible to eliminate platewaste and to educate the youngster that we cannot afford to have platewaste. We have to make those modifications necessary in our lunchrooms that will eliminate platewaste.

Now, Mrs. Ostento, the type A lunch requirements have been criticized as being based on 30-year-old studies. As I understand your testimony, you are saying the Department has recently been studying this pattern and is considering new regulations to modify this. When will the new regulations be proposed and go into effect?

Ms. **Ostento**. Mr. Perkins, we are in the process of writing those regulations at this point in time. They have been discussed to get the comments from the American School Food Service Association, and some nutrition groups, as well as the child nutrition State directors.

In following the Federal Register procedure, the child nutrition State directors requested that we put out proposed regulations for a short comment period and following that, to put them out for an interim time period, over a year, so they may use and work with them and determine whether there might be any problem before they are put out in final form.

So, we would expect that in several months, the proposed regulations would be out for public comment.

Chairman **Perkins**. Let me make it perfectly clear I do not acquiesce, and I don't think any of us should acquiesce, platewaste. The House Education and Labor Committee conducted a study recently and we sent out to the local school districts through the country a questionnaire. We got about 5,000 returns out of 15,000, which I considered, personally, a good return.

Those returns showed that only 6 percent of the local lunch directors thought that platewaste was a significant problem; 42 percent thought it was a moderate problem; 52 percent thought it was a minor problem. Do your findings agree with the findings that our study disclosed?

Ms. **Ostenso**. From the preliminary information that we have, which, of course, is not analyzed in its statistical form, I would think that was a close approximation of the problem. I might even say that maybe 6 percent is a little bit low.

Chairman **Perkins**. This survey also showed that 41 percent of the local lunch directors thought that unfamiliar foods were a cause of platewaste. They encouraged the Department to not distribute commodities which are not popular.

Ms. **Ostenso**. The Department does encourage the service of familiar foods. That is one of the reasons why there is not a master menu plan for the entire Nation, so that each local school can develop their menus which meet the needs and preferences of their students. Concerning the question of commodities, our response to the GAO report indicated that we take a closer look at the kinds of commodities being distributed and give some assistance in that aspect.

Chairman **Perkins**. Dr. Galbraith, as I understand your statement, you are saying that the Department should keep the type A lunch pattern but permit smaller portions for younger children; is that correct?

Ms. **Galbraith**. Yes, sir.

Chairman **Perkins**. Thank you very much. Are there any further questions? We have to get over to the floor and vote. We will recess for 10 minutes.

[Brief recess.]

Mr. **Buchanan** [presiding]. Dr Hall, the committee welcomes you. You may summarize your statement if you wish. Without objection, your prepared statement will be inserted in the record.

[The statement of Richard L. Hall follows:]

Testimony for Hearing to Be Held
Before the
Subcommittee on Elementary, Secondary
and Vocational Education
House Committee on Education and Labor

Prepared by
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March 17, 1977

Mr. Chairman, thank you for this opportunity to testify about the findings and recommendations of the Maryland School Food Service Task Force. Our Task Force was formed by the Maryland State Department of Education in response to a joint resolution sponsored by Delegate Ida Ruben in the 1975 Maryland General Assembly. The members of our Task Force, a list of whom is attached to this statement, represented various professional health organizations, school boards, school administrators and food service officials, parent and other citizen groups, and students. I am privileged to have two members of that Task Force with me this afternoon. They are Mrs. Norma Maiden and Mrs. Maureen Lamb. I have attached a brief curriculum vitae of each, but it is only fair to the other members of our Task Force to say that these colleagues simply represent an extremely qualified and conscientious group which it was my privilege to chair.

The Task Force was set up out of several considerations enumerated in the preamble to the resolution, but the central purpose was "to study the facts concerning the serving of empty calorie or nonnutritious foods in schools and report its findings and recommendations..." We rapidly decided, however, that to do this required interpreting our charge quite broadly. It would give us few facts and no perspective to look at "nonnutritious" foods alone. We felt that a sensible evaluation required identifying the kinds of food which are served in school feeding programs in Maryland and other foods available in the schools as well. We were interested in how well these feeding programs were received and how effectively they were utilized. Therefore, we examined in varying depth the different food service operations, the degree of student participation, the environment in which the student eats, and the extent of nutrition education in both the lunchroom and the classroom. All of this brought the interests of our Task Force very close to the purpose of this hearing.

Our Task Force received excellent staff support from the State Department of Education, but the mandate of our resolution provided us with only a short life and no specific funding. Our efforts, therefore, were confined to the State of Maryland and to what we could learn or gain from approximately four months of fairly intensive activity. We took these steps:

1. We prepared a definition of "nonnutritious" foods. Since this is not the principal concern of your effort, this definition is simply attached as an appendix.
2. We requested of the State Department of Education a survey of Maryland schools to determine the foods served or available at school during the day. Four field representatives of the Department conducted this survey of 135 schools selected through random sampling by the Department of Education and our Task Force reviewed and analyzed the results.
3. We reviewed surveys and other current literature dealing with the effectiveness of school feeding programs throughout the United States.

4. We investigated but, because of our limited time and resources, did not pursue other possible sources of data on what students eat for lunch. We regret not being able to pursue these avenues further. One really needs to know not just what students purchase from sources within the school, but what they bring from home and consume elsewhere. Indeed, one should properly look at a school lunch only in terms of the total day's food intake.

5. The members of our Task Force visited various school food service programs throughout the State to gain a better understanding of these programs, to supplement our other sources of information, and to give us that sense of awareness that only personal contact can bring. In these visits we tried to pay particular attention to:

   a. Foods served for the day
   b. Types of food eaten by the student
   c. Types of food service available
   d. Appeal of food to students
   e. Environment in the dining area
   f. Evidence of nutrition education in the dining area
   g. Extent of food waste
   h. Participation.

It may be of interest to your committee to discuss the school lunch consumption patterns we found in our survey, to comment on some interpretations we have made both of that survey and our own observations, and then to review the conclusions and recommendations of our Task Force. Table 1 summarizes the pattern of lunch consumption we found.

TABLE 1

Percentage Distribution of Consumption of Various Type Lunches Among Elementary, Middle/Junior and Senior High Schools in Urban, Suburban, and Rural Schools

		Urban	*Suburban*	*Rural*
Type A	*Elementary*	63	43	55
	Middle/Junior	70	27	49
	Senior	21	18	41
Packed	*Elementary*	26	53	43
	Middle/Junior	24	54	38
	Senior	21	38	31
A la carte	*Elementary*	<1	3	2
	Middle/Junior	6	19	13
	Senior	32	39	26
None/Home	*Elementary*	10	1	0
	Middle/Junior	0	0	0
	Senior	26	5	2

At the 10 percent sampling employed, the numbers of schools in some subcategories (e.g., urban senior high schools) are too small to provide a satisfactory statistical base, but the trends evident from the table are worth noting. There is a general trend toward decreased consumption of Type A lunches as students advance in school, the only exception being the slight and probably nonsignificant increase in the consumption of Type A lunches by urban middle/junior high students over those in elementary schools. Suburban students consume the fewest Type A lunches which perhaps reflects the lesser importance of the school lunch in the diet. Obviously, urban students take fewer packed lunches. Finally, suburban students rely much more heavily upon a la carte lunch selection, and this may relate to the greater availability of alternative foods in those schools.

Because the low use of the Type A lunch in urban and suburban senior high schools may relate to the greater availability of a la carte foods, some of low or marginal nutritional value in these schools, we took particular note of the availability of these "nonnutritious" foods. By "availability we mean, of the total possible opportunities at which "nonnutritious" foods are freely available. We express it as percent of total opportunities, since not all items are available every day. This table shows that most "nonnutritious" foods are offered in urban and suburban high schools. The purpose of this table is to display trends and not to condemn indiscriminately all such food items or their use.

TABLE 2

Availability[1] of Certain "Nonnutritious" Foods[2] in Maryland Schools

Area	Elementary Percentage	Junior High Percentage	Senior High Percentage
Rural	7	22	40
Urban	4	33	55
Suburban	10	44	57

1. Percentage of times available when compared to total possible opportunities.
2. See our definition (Appendix). In general, fruit drinks, soft drinks, cookies, potato, corn, other chips, confections, and plain gelatin desserts.

We suspect that what we see here is a vicious circle. School feeding programs have to be "self-supporting." They are often, to a significant extent, supported out of the sales of a la carte items. There is no doubt that these a la carte items are overall much less "good buys" in a nutritional sense, therefore more profitable. Their use tends to depress still further the use of the Type A lunch, thereby reducing to some extent the economies of volume that might be expected from it. As we shall later note, we recommend not the elimination of a la carte items, but nutritional "trading up," replacing those of low or doubtful value with others of equal appeal but greater nutritional merit. But both this step as well as the greater use it should produce of the Type A lunch will require more financial support. Indeed, such a shift in emphasis is not likely to be successful without that kind of support. Furthermore, the financial support alone will be inadequate unl[illegible]mpanied by nutritional education well integrated into the curriculum a[illegible]y other points.

Our survey of the literature led us to several conclusions we believe to be adequately documented. The results of research to determine the adequacy and acceptability of the Type A school lunch varied greatly. From an assortment of publications (Appendix) relevant to its assignment, the Task Force drew the following observations:

1. While frank malnutrition is not often encountered in United States school children, low intakes of Vitamin A, folic acid, calcium, and iron are common (26).
2. Moderate malnutrition at any age resulting either from poor dietary habits or lack of food, can affect learning ability and can result from poor dietary habits as well as lack of food (22).
3. Research indicates that there is less waste from brown-bag lunches, but few such lunches assure one-third of the Recommended Daily Allowance of essential nutrients (12).
4. For some students, Type A lunches provide too much food and too many calories.

The one point on which most authors agreed was that nutrition education was very important, and should be provided as an integral part of the total school curriculum and not as an isolated subject.

5. A cooperative effort of home, school, and community is necessary with teachers and school food service personnel working together as a team to teach the children (23).

Finally, from our survey and from our own observations during visits, we reached a number of conclusions among which those of most relevance to your interests are as follows:

1. About one-third of the elementary schools in the rural and urban areas provide breakfast, but few suburban schools do so. Very few middle/junior and senior high schools provide breakfast.
2. Other than at lunch time, elementary schools do not sell a la carte items, while middle/junior and senior high schools often have them available. Such items include fruit, fruit juice, cookies, candy, crackers, soft and fruit drinks, and potato, corn, and other kinds of chips.

We found that the school feeding programs were in a technical sense very competently run. By that, we mean that the Type A lunch provides good nutritional value, the organization of the dining room area was usually good, and proper attention was paid to sanitation and food safety.

But in the broader sense, there was a great deal to be desired. Rarely were there nutritional educational projects or materials on display in the dining areas. Plate waste varied considerably from slight to some instances of great waste. Facilities were sometimes crowded with the students having insufficient time to eat. The consumption of foods which fall within our definition of "nonnutritious" was prominent, and sometimes very high. And lastly, we should expect, and we found a wide range of opinion on eye appeal and taste. A school feeding program that does not take this broad range of needs into account will not be successful.

We concluded that the Type A lunch, as planned, is a nutritious meal and a good buy, but as we saw, it is consumed only by one-fifth of the urban and suburban high school students and indeed by less than one-half of the suburban students at any grade level. Even where the Type A lunch is consumed, one must bear in mind that not more than one-third of the total nutritional needs for the day for five days a week can be expected to be acquired from consuming a school lunch. There is the problem of plate waste, often significant, and the problem of the nutritionally inadequate alternative foods. Since the Type A lunch is satisfactory, the problem then obviously lies in the area of the alternatives available to children who, for one reason or another, choose to supplement or replace the Type A meal. These alternatives may be found in the lunchroom, in the school building, or in commercial outlets off the school campus. In addition, children may also bring their lunch or some portion of it from home to supplement either the Type A lunch itself or the alternatives.

We discuss below factual answers to the problems raised by the choice of alternatives. What an individual pupil does with respect to selection of a lunch reflects the sum of what he has learned at home, what he has read or seen on TV, peer pressures, and what he has learned in school. Since the existence of nutrition education does not assure its application, the school which supplies that education should at least support it by some sensible control over available alternative foods.

In the view of our Task Force, school feeding programs--breakfast, lunch and snacks--should be

- An integral part of total education;
- A vehicle for safeguarding the health and well-being of children by reinforcing and applying the principles of good nutrition and positive health learned in the classroom;
- A model of applied nutrition for families and the community and, therefore, in compliance with health promotion information and recommended practices.

To advance toward these goals, we made four recommendations:

Recommendation No. 1

Offer choice of food of comparable nutrient value within the Type A pattern to provide children an opportunity to learn by example and practice. This, wherever possible, should be a minimum of two Type A lunches such as a bag, sandwich, or soup/salad lunch or salad bar, in addition to the hot Type A lunch.

We found in our observations less plate waste where greater variety was available.

Recommendation No. 2

Offer samples of "new" foods from time to time as a way of introducing foods with which the child may not be familiar.

Recommendation No. 3

Include students at all grade levels in menu planning.

Recommendation No. 4

Correlate nutrition education with the food service program. Resources may include the curriculum guide, "Health Education--A Curricular Approach to Optimal Health," and the following:

--Exhibits

--Posters

--Bulletin board displays

--Creative art work

--Food model displays

--Color coding for wiser choices (e.g., nutrient density).

These measures should cover, among other points, the nutrition rationale behind the Type A lunch. One school system has approached this in a highly educational way by having students study the menu and make their choice by selecting the appropriate color card to identify their choice of food in the cafeteria. This provides an opportunity to relate nutrition education to the meal and avoids delay in the lunchroom.

Other useful measures which could be employed are the use of color coding to dramatize nutrient density of foods, and teaching the use of unit pricing to determine the "best buy" related to a particular kind of school lunch.

The school menu and foods offered for sale at the school affect the food choices of children and influence their eating habits. Because the functions of the school feeding programs are both directly nutritional and educational, foods served in such programs are not only foods but teaching aids. In consequence, we disapprove the routine availability of foods which do not serve these purposes. We doubt that the competitive sale of "nonnutritious" foods can be justified on financial grounds--nor should it be.

We recognize that many who are eligible and could benefit from free or reduced-price meals do not take advantage of them, and therefore miss an irreplaceable opportunity for improved nutrition and better learning. This involves a number of administrative and other problems outside the scope of our Task Force, but we urge local school boards to find the administrative means to encourage greater use of these programs.

Clearly, not all students and their families look on school breakfast and lunches from the same set of values. We all differ in age, in ethnic backgrounds, in family eating practices, in food requirements and preferences, and to the extent to which our children must--or wish to--rely on school food service programs. We obviously do not want and should not have a Type A straitjacket. The wide variance in the percentage of students who eat the Type A lunch probably reflects in part these different needs, but we are persuaded it also reflects the availability of alternative foods, some of considerably less value though also lower in price, and the lack of nutritional awareness. In addition to making the Type A lunch more appealing with an offering of greater variety and the probable consequence of less plate waste, we also presented our

Recommendation No. 5

Increase the number and appeal of nutritionally useful a la carte items and reduce the number of snack items which are of marginal value or "nonnutritious."

An aspect which is as hard to evaluate as it is undoubtedly important concerns the general atmosphere and conditions of preparation and serving. If the lunchroom is drab, unattractive, or crowded, if students are rushed, if children in the lower grades are given foods they find it difficult to manipulate, waste will be high and participation low. We found problems of these sorts fairly common and undoubtedly serious deterrents. We made another recommendation which would strike some people as quixotic or difficult to implement, and that was our

Recommendation No. 6

Invite adults to eat with students on a regular basis.

This is supported by our own observations and the literature. This would require additional released time for teachers during the school day or the participation of parents or nutrition aids, but the example set for students has been shown to reduce plate waste and improve eating habits. Particularly at the elementary school level, the importance of adult example cannot be overemphasized. Some of the best experiences our group noted were in schools where children ate in the classroom with the teacher, simply because the school lacked food service facilities.

One cannot compel good eating habits. This would be pedologically poor and difficult to achieve even at the elementary level. It becomes simply ridiculous at the high school level. Therefore in our report, we steered away from sweeping recommendations and emotion-laden words. If we are to improve the execution and utilization of school-feeding programs, it will have to be through making them more attractive and through leading students to be more receptive to them. These are primarily educational matters in an area where we have so far done rather poorly.

There is, however, the education of example and of implied endorsement. This led to our Recommendation No. 7.

> Do not serve soft drinks and fruit drinks which fit our definition of "nonnutritious" within the school food service program or in direct competition with it.

It will be apparent that Recommendation No. 7 dealing with soft drinks and most fruit drinks differs from our Recommendation No. 5 dealing with a la carte snack or dessert items. We believe the distinction is appropriate. Ready availability of soft drinks and their attractiveness very easily make them the central item in a nutritionally inadequate meal. Those drinks form a fairly consistent group contributing little more than calories whereas snack and dessert items cover a broad range from the virtually "nonnutritious" to highly nutritious. With such diversity of choice among the latter, we suggest a shift in emphasis toward intelligent and discriminating choice aided by education, rather than a sweeping exclusion.

On a different topic, our Task Force recognized, but could not delve into, the very difficult problem of devising acceptable administrative means for providing meals to those who need, but cannot afford them. Problems of cost, administrative feasibility, privacy, pride and family priorities are all involved.

Next we turn to nutrition education for teachers. Teachers can hardly be expected to teach that which they themselves have not learned. Because teachers serve as image-models and behavioral change agents, they should be provided with resource information and training in nutrition education. They should be aware of the purpose and impact of school feeding programs on student behavior and performance in the classroom. To achieve this will require competent, experienced leadership in the area of nutrition which should be available to teachers for effective, planned integration and evaluation of nutrition subject matter in the school curriculum; continuing education of teachers and school health personnel; parent education; and community information and nutrition advocacy. We suggest the following:

Recommendation No. 8

Introduce pilot nutrition education courses in selected undergraduate training programs which train early childhood and primary school teachers.

These programs and the performance of the participants should be evaluated over a reasonable period of time, and the results extended to other teacher education programs. This leads to:

Recommendation No. 9

Make available preservice and in-service programs and continuing education courses to all teachers in Grades K to 12 to enable them to acquire a knowledge of nutrition subject matter, nutrition education methodology, and community nutrition resources.

Recommendation No. 10

Require all elementary teachers to have a course in basic nutrition.

We are happy to note that in response to these recommendations, the Maryland State Department of Education is currently conducting a series of nutrition workshops for teachers.

Next come the parents.

Habits learned at home reflect social-economic, educational, ethnic, and cultural backgrounds and practices in food selection and preparation. Learning is less likely to be effective if home practices vary widely from information learned at school.

Recommendation No. 11

Develop parent and community outreach and involvement in the school feeding and nutrition education programs to solicit support, to assure continuity of learning and application in the home, and to extend nutrition information to parents.

Recommendation No. 12

Extend preservice and in-service nutrition education to aides and volunteer personnel, who frequently are parents of school-age children, to clarify goals, and to promote understanding of the need for good food habits and attitudes.

We are currently working with the State Board of Education to see to the implementation of these recommendations throughout the State of Maryland. Obviously, this will be a very large order to accomplish. There are those who may have some misgivings about our emphasis on a primarily educational approach. To them we would simply say that is what our schools are all about. We cannot compel good eating habits; we can only educate toward them. Important though nutrition is--we are what we eat--the schools have other things to do and we cannot expect them to bear the total burdens of society in this respect anymore than in any other. We do believe that recommendations such as these, if implemented, would over the years improve the nutritional awareness and habits of a large proportion of our population.

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Biographical Sketch

Richard L. Hall

Born in Roseland, Nebraska

Education

Harvard College, S.B., 1943; Harvard University, A.M., 1948, Ph.D. (Chemistry), 1951

Employment

Has been with McCormick & Company, Inc., since 1950, and currently is Vice President-Science and Technology

Professional Affiliations

Past President of Institute of Food Technologists

Past President of Flavor and Extract Manufacturers' Association; currently Chairman of FEMA Safety Evaluation Committee

Was a member of Panel on Chemicals and Health, President's Science Advisory Committee

Chairman, Third International Congress of Food Science and Technology held in Washington, D. C., August, 1970

Vice Chairman of the Panel on Food Quality, White House Conference on Food, Nutrition, and Health (1969)

Currently a member of U.S.D.A. Advisory Committee on Regulatory Programs

Member of Executive Committee of International Union of Food Science and Technology

Fellow, American Association for the Advancement of Science; Fellow, Institute of Food Technologists

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Mrs. Norma C. Maiden

Born in New York City

Education

Undergraduate degree, Hunter College
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Advanced studies, Johns Hopkins University and Pennsylvania State University

Professional experience

Currently Associate Professor, Foods and Nutrition, Department of Human Ecology, Morgan State University, Baltimore, Maryland

For five years was employed as public health nutritionist, University of Maryland School of Medicine

For 25 years worked in foods and nutrition education at the college or university level

Has had six years of administrative experience

Community service

Has served on Mayor's (City of Baltimore) Commission for Nutrition

Has served on Mayor's Task Force for Health Problems in the City of Baltimore

Has served as a consultant in nutrition for programs for aged

Has been guest lecturer for programs in medical schools, dental schools, and schools of nursing

Publications

Papers have been published in the "American Journal of Public Health," in the "American Journal of Home Economics," "Dawn," and "Public Health Reports."

Has done research in the nutritional status of children and in the incidence and treatment of anemia in children

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Mrs. Maureen Lamb

Attended Penn State College

Community Activities

Appointed to the Anne Arundel County (Maryland) Board of Education in 1974

Was Chairman of the Subcommittee on Communication and Community Involvement of the Citizens' School Study Committee, Anne Arundel County Board of Education

Chairman of the Anne Arundel County RISE Program (Reading Improvement Services Everywhere)

Served on Subcommittee for Vocational Education, as well as Subcommittee on Volunteers and Para-Professionals in Reading Programs, Maryland State Department of Education

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A "nonnutritious" food is:

A foodstuff which provides a disproportionately large number of calories without providing significant amounts of any of the other required nutrients, or one which combines nutrient fortification with excessive contents of saturated fat, sugar, salt or other components potentially injurious to health under reasonably foreseeable conditions of consumption.

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STATEMENT OF DR. RICHARD L. HALL, CHAIRMAN, FOOD SERVICES TASK FORCE, MARYLAND STATE DEPARTMENT OF EDUCATION, ACCOMPANIED BY NORMA C. MAIDEN, ASSOCIATE PROFESSOR, FOODS AND NUTRITION, MORGAN STATE UNIVERSITY, BALTIMORE, MD.; AND MAUREEN LAMB, BOARD OF EDUCATION, ANNE ARUNDEL COUNTY, MD.

Mr. BUCHANAN. We are pleased to have you, Dr. Hall.

Mr. HALL. Thank you for the opportunity of appearing here. I am sorry it wasn't possible for us to be here earlier.

I shall summarize my statement extremely briefly, then I would like to call on two of the other members of the task force for even briefer remarks.

Our task force is set up by the State Department of Education in the State of Maryland in response to a joint resolution sponsored by Delegate Ida Ruben in the 1975 Maryland general assembly.

We were originally concerned with the so-called nonnutritious foods in the school. But you can't get into that without considering the adequacy of the school feeding program, in general—the attractiveness of the surroundings, the degree of acceptance of the program, and, of course, the bad factors, such as waste, precisely what you are concerned with.

In order to tackle this, we did define nonnutritious foods. I won't go into that here. We conducted a survey, through the State department of education, of the use of various school feeding programs in the State. We classify these in the conventional type A program, the bag lunch, the lunch brought from home; a la carte lunches, and those things that are purchased separate from the type A lunch. Then, home lunches, of which there are few.

I think, if I may quickly ask you to glance at the table on page 4 of our testimony because that is the heart of the report. It would take too long to set up a little chart that I brought with me, so we will simply go into the table and say that we observed that there were some remarkable trends in the use of the school lunch program, as one moves through elementary, middle, junior, and senior high schools, one shifted one's attention from urban to suburban and rural high schools. There is a general trend towards decreased type A lunches as students advance in schools. Suburban students consumed the fewest type A lunches. Obviously, the urban students take fewer packed lunches, and suburban students rely much more heavily towards the so-called a la carte lunch—by which we really mean the packaged potato chips, the cookies, Tabs and soft drinks.

Some other a la carte foods are offered, but the preponderance of choice was in that direction. We were concerned that less than one-fifth of the suburban and rural school children at the senior high school level consumed the type A lunch and we were equally concerned that there was fairly heavy use in the urban and suburban schools, and even in the rural schools, of the a la carte lunch.

From our observations in the task force, and we visited many of the schools, we are quite certain of the nutritional inadequacy of many of these a la carte choices.

Our observation was, that while waste varied a great deal, it was often very high, particularly high in the cases where the choice appeared to be most restricted. This led us to several literature publications mentioned, and in the interest of time, I will not mention them here.

We did reach a number of conclusions. I will group our recommendations into three major groups. First, we concluded that there was insufficient choice in most offerings of the type A lunch. When choice is lacking, when the choice seems to be forced, then waste is higher and participation is lower. When students feel they are having the degree of choice among reasonably highly nutritious items, the degree of choice and participation is better.

So, we addressed ourselves to providing greater choice to conscientiously attempt to familiarize students with newer foods, and to upgrading the nutritional quality of a la carte offerings.

This is a ticklish point. Unfortunately, the least expensive a la carte item, or least desirable from a nutritional point of view—after you mention a few "for instances" like oatmeal, raisins, fruit jello—you begin to run out of 10 or 15 cent items that are of nutritional, maximum value.

So, we think we have to address the fact that providing greater choice in type A lunches and upgrading the quality of a la carte items, and the consequences are that this will cost and someone is going to have to pay for it.

The second major group or recommendations we had, I won't deal with in detail here. They involve education. That, in our view, is here, the real key to this because you cannot force people to eat what they don't wish to eat. Ultimately, we are faced with an educational problem. Of all places in which we ought to address this by educational means, it is in the schools. So, we made a number of recommendations dealing with that particular area, with nutrition education of teachers, since otherwise, we have the blind leading the blind.

We then addressed ourselves, also, to several other recommendations, again, listed in our testimony, dealing with atmosphere in schools, where school lunchrooms were crowded, insufficient time is provided for students to eat lunch, or the types of foods provided are not easy for younger children to manipulate. One finds less participation, and again, more waste.

Those are the major areas of our concern. We have listed them here. I have tried to summarize them briefly.

If I may, I would like to ask Mrs. Maiden, who is a professor of nutrition and foods at Morgan State University, to comment briefly on some of her points of emphasis. I would also like Mrs. Lamb to comment briefly. I think it will take no more than a couple of minutes.

Mrs. MAIDEN. I am Norma C. Maiden, associate professor of foods and nutrition, Morgan State University, Baltimore, Md.

Mr. Chairman, members of the committee, I think I will address my remarks again to the importance of education as an integral part of the entire school feeding system. As was already pointed out, you cannot force anyone to eat, but you definitely can educate people to eat.

This has to be a continuing effort. In other words, providing educational programs from the time the child comes in, perhaps in the formation period, when the habit formation is at its greatest, until the child leaves. We feel, for example, that the educational effort should be very closely related to the actual provision of food in the feeding programs. The intent of the School Lunch Act is to provide for the better health of children, both through direct provision of food that child daily needs and, at the same time, providing, through such programs, an opportunity for the child to experience what has been taught, to take home, hopefully, some of the ideas he has learned so the educational effort and the actual feeding process is really very closely integrated.

The provision of a la carte, or the increased use of a la carte, in my judgment, and I think in the judgment of the task force, was seen to foster education in that it would provide an opportunity to put into practice what may have been learned through all of the cumulative efforts of education.

To offer a child a lunch over which he has no freedom of choice, whatsoever, is merely just to put it before him and he will not be able to practice what he has learned.

But to offer a child a choice within the parameters of good nutrition, of course, ruling out the junk foods that are nonnutritious, nonedible, and so forth, would be to provide him with that opportunity to actually put into practice what he has learned.

So, we feel very strongly that the educational components of the school feeding program is very important and deserves considerable emphasis. Thank you.

Mr. HALL. Next, Mr. Chairman, is Ms. Maureen Lamb, a member of the task force, and a member of the board of education of Anne Arundel County.

Ms. LAMB. Thank you for giving us the opportunity for being here.

I would like to express some of—this is my personal opinion, but I think the task Force would go along with it if they had an opportunity to hear what I have to say.

The other day, I had occasion to speak with Mrs. Renee Arnold, who is the director of our food service program in Anne Arundel County. We have an excellent program in the county.

Although our labor cost went up $200,000 last year, we are still operating in the black and giving the children a good lunch for 50 cents. We are able to do this because we satellite our lunches in schools with less than 400 students. We have a small administrative staff and they all work very hard, and we are very careful in our choice of food.

The less choice there is, the less waste there is in the kitchen. However, there is probably more waste in the cafeteria. This is an important point which Dr. Hall brought out, but which I wish to emphasize, and I would like your committee to consider it. The tremendous amount of food that the children throw away is a real problem. I have eaten in many school cafeterias and watched them. This is one which needs to be researched more than our committee was able to do so.

Another point I would like to make is that usually the child will spend the money he has in his pocket for that day. If we replace the a la carte offerings with more nutritional foods, the student will probably spend the same amount and be much better off. At least, this would probably be true in the elementary grades and in seconday schools which do not have an open campus.

My final point is the most important to me. In our county, as in most other places, I believe, we do not have anyone on our central staff who can spend the time to push nutrition education in the schools.

I believe that whether this Nation survives as a free democracy depends upon our educational system being able to teach every child basic skills prior to graduation, giving him a hands-on skill so he can support himself and teaching him how to keep a healthy body.

We are an overfed, undernourished Nation and our education in good eating habits is deplorable. Our children are misled through TV advertisements from the time they are 2 years of age into believing that junk foods are not only good to eat but good for them.

One way to change this is to educate our teachers. School boards are reluctant to spend the money on in-service training in nutrition when they see other things they feel are more important.

It is my personal opinion that money for the school lunch program be increased to allow for rising labor costs and provide school systems with funds for providing a greater choice in food offerings and also that these funds be contingent in some way on the requirement of nutrition education courses for teachers.

I think, this would, over a period of years, upgrade the eating habits of the American public.

Thank you, Mr. Chairman.

Mr. BUCHANAN. Dr. Hall, and members of the task force, we appreciate so much your valuable testimony. I am sure it will be of great benefit to the committee. I wonder if we could assemble all the witnesses at the table.

Now, we will have the members of the committee ask their questions. Thank you so much.

Mr. Miller?

Mr. MILLER. My apologies to the panel for not being here earlier, but the bells rang.

Mrs. Lamb, I don't understand what you were saying about if you were to discontinue the a la carte line, the child would spend the money anyway and he would spend it on those items you would offer him, I assume, on the type A meals. Is that what you said?

Ms. LAMB. If a child comes in with so much money in his pocket to spend—this is not necessarily pertaining to a type A lunch—but it is pertaining to the lunch program. At the present time, we offer, in the a al carte line, many things that are nonnutritional. If the youngster has in his pocket so much money to spend, he will spend it on those—what I hesitate to call junk foods, but that is what they are.

If we could offer him foods that were nutritional in that a la carte line, or more of a choice across the line, as far as the class A lunches were concerned, as long as he bought certain things that actually met the requirements of the class A lunch, he would spend the same amount of money. The price is dependent on how much money they take in in their program.

Mr. Miller. That is what worries me. Again, if we could offer them a greater selection in the type A lunch—I assume that is because of the constraints of the regulations. What is classified as type A, and the cost.

Ms. Lamb. The cost of putting out a cold lunch or a different type of food will make the cost go up.

Mr. Miller. But I don't understand why a la carte is labeled as junk food.

Ms. Lamb. It isn't, necessarily, but there are many foods offered a la carte that are.

Mr. Miller. Let me ask you, or any one on the panel, please feel free to respond. Why are they offered?

Mr. Hall. We spoke, really, in our recommendations to upgrading the nutritional quality of the a la carte items.

Mr. Miller. What prevents that?

Mr. Hall. Primarily, popularity and cost. The sale of a la carte items help support the cost of the type A program. They don't make money on the type A program. They do make money on the sale of a la carte items.

Mr. Miller. Sort of like the way TV violence supports Chrysler Corp. Let's wait a minute. You have this program that is supposed to be for nutritional purposes, and now you tell me you have to offer junk foods to support the program, that junk foods wouldn't go against the interest of the program. Junk foods, by definition, are good to eat. Are you talking about economically? I have to believe there is another way to spin the wheel.

Ms. Maiden. This is exactly the way to spin the wheel.

Mr. Miller. Let me see if we are talking about the same argument here. Why can't you just not offer junk foods in a la carte? Congressmen are always talking about personal experiences. It is not terribly relevant to anything going on in this room, but my children were put on the program, and now apples are as big to them as Three Musketeers used to be to me. Couldn't you put in apples and oranges as opposed to maybe what is not good for them?

Ms. Maiden. I think you have just answered your own question. I think one of the things many of our school systems have fallen into is the stereotyped way of thinking. All youngsters automatically have to have potato chips, Mars Bars, or a Coca Cola.

Mr. Miller. You weren't here when we had a witness who said all kids have a sweet tooth. We asked him to identify the sweet tooth. He still hasn't written us.

Ms. Maiden. They were developed after the child was born.

Mr. Miller. Confectioners say that isn't so. If you don't do it on campus—just like marijuana, they will smoke marijuana off. I am getting far afield, but I am concerned because we have a real problem. I expressed my concern earlier in hearings about plate waste and the type A meals. As I talk to school teachers about the type A meal, no matter how you do it, it isn't terribly attractive to the young student who would rather snack, bite or munch, and not wait for the gravy on a meatloaf in the middle of the day.

Mr. Hall. I agree with that. We didn't use an emotion-laden word like "ban," in our report. We talked about upgrading the offerings in the ala carte program because people do snack today. They don't sit down and eat a heavy meal in the middle of the day.

Indeed, the type A lunch is too much for some children, particularly in view of what they eat at home in the morning or at night, or snack on in between. We are adamantly against all the so-called junk foods. We think the place for them is not in the school lunch program, not on a routine basis.

We think a careful discussion and upgrading for more nutritional use and more items proving more variety is necessary. If children think they have a choice, that is a very important part.

Mrs. **Maiden**. You can provide a choice of more than one nutritional food.

Mr. **Miller**. What is the cost in terms of ala carte versus type A lunches in schools in your area? Some high schools have gone to the natural foods and the ala carte thing has gone over fairly well.

Mrs. **Maiden**. Perhaps implicit in the ala carte area is that the popularity of the foods offered and the sale of the foods is likely to be more complete; therefore, there is less kitchen waste; therefore, the lunchroom will operate more efficiently.

Mr. **Miller**. Sort of whip it up and serve it?

Mrs. **Maiden**. We have no quarrel with ala carte. This is actually what we are recommending. But what has happened in many schools, in the interests of providing for choices, providing for the youngster—the assumption has been they only buy those things that are not as nutritional as the apple or the pear, and that is not true.

Mr. **Miller**. I understand you have a money problem in this program. Don't you get coupons back in the school so you can buy athletic equipment if you buy certain junk foods?

Mr. **Hall**. We haven't gotten into that program.

Ms. **Lamb**. I think one of the problems, too, is some of these things could be offered in the way of ala carte foods, such as apples, oranges, orange juice, and you name it. These are good for them. As you say, your child liked this as much as you used to like Tasty Cake. Today, the principals do object to apples and oranges and raisins because the children throw them.

Mr. **Miller**. You are kidding me.

Ms. **Lamb**. This is true.

Mr. **Miller**. We can label them, "dangerous to your classmates' health if you throw the apple."

Ms. **Lamb**. A great many noneducational and nonnutritional considerations enter into the school lunch program. Mrs. Lamb just mentioned one.

Mr. **Miller**. The labor unions tell me it is a jobs bill. Other people tell me it is for the sweet tooth. Others say it is for nutrition and to organize the child's thoughts about food. I don't know. I think rising costs, when you see what the committee considered in trying to subsidize meals, there has to be some combination in nutrition and the ala carte thing. That may make some sense because I find a lot of teachers who are irate about the disruption of the breakfast program and the lunch program. In some schools in the district I represent, lunch comes at 1, and the kid is out of school at 2.

I think, as these costs rise, we have to reexamine what we really want to make available to that child. Maybe it is cheaper to do some kind of ala carte thing with a good nutrition education program so he or she will decide that maybe the apple is a pretty good thing. I don't know whether that is totally unrealistic, but I suspect the type A meal is pricing itself a little bit out of existence.

What I was trying to get out, in my more serious moments, is I understand the pressures from the purveyor of food. They want to sell you Tasty Cake and whatever. I understand that. But what is it that we do, that really prevents you from moving to some of those alternatives or trying these? Is it reimbursement, or capital for commodities, or what?

Mrs. MAIDEN. We are a captive, really, of what is proscribed as the type A program, which, in its definition, does tend to be somewhat restrictive.

What we are really suggesting is a good, hard look at alternatives to the type A lunch program that will still provide for the nutritional value and decide upon and determine in the typical type A program what will provide an alternative method—in other words—that will give you the same. It is a matter of delivery we are looking at, and we think, through the alternative route of delivering, the youngster will be more likely to accept the same nutritional value that has already been described.

Mr. MILLER. Just one more question. Where would you come down on the issue of when you do this, of moving toward a fortified product or enriched product, as opposed to—there has to be whole foods, if you will, because you are setting up a kid to eat at McDonald's later in life.

Mrs. MAIDEN. I think we have far too many natural, normal sources of foods. I think it goes back again to what I said, that the school feeding program should exemplify what is being taught, and if we are teaching natural sources of food, of nutrition, then I think our program ought to also be an example of that rather than an inefficiently set up program.

Mr. MILLER. Thank you.

Ms. OSTENSO. I would like to address choice and its relationship to the type A program. The type A pattern is a simple framework of food groupings and quantities necessary to meet nutritional goals. There is every opportunity for choice within that pattern and there are alternate routes to providing choice within the type A framework.

We encourage the choice of the foods, not one entree, not one fruit, not one kind of bread, but to give the children an opportunity to pick and choose, to illustrate and practice that nutrition knowledge they have or may not have.

Talking about nutritional foods, the type A pattern, in itself, can become an a la carte program if implemented so that choices are provided within the meal components. It may require some additional work on the part of the food service manager in terms of forecasting their production needs so that, in fact, providing a choice of foods does not generate more waste in the kitchen than it does on the plate. This can be done, and has been done.

There are some simple methods and there are some sophisticated ones, all of which are used in quantity food production and service.

I would like to address your question on fortification of foods.

Fortification is important if it is placed in the proper food at the proper time. But nutrition is more than nutrients. There are recommended dietary allowances established for only a few nutrients. There are many more which have not yet been isolated and daily dietary requirements determined. Fortification is possible for only those nutrients for which requirements have been established.

Mr. BUCHANAN. Is it not possible for the State board of education to have some control over the a la carte lunches served to students in your district?

Mr. HALL. It is possible. The board is considering our recommendations now. It will be going into a cost analysis soon. We do believe that directly affects food costs. It does raise, on the State board, attention to mandate these things, of State versus local control, and all those other, often inflammatory, topics. We do hope they will move in this direction.

[Mr. Miller assumed the Chair at this point.]

Mr. HALL. There is the extensive comments of fortification. I think that is a sound point of view, but there is, in the way the present type A format is understood and applied, a large difficulty with what people perceive to be regidity and an example is the use of bread.

It is one of the most highly wasted things because it is thought of as a required item. Most people don't regard it as an essential item in their diet.

Ms. OSTENSO. We concede that the type A pattern is not interpreted to include the full degree of flexibility it allows—and we agree there needs to be some education of the food service manager in terms of that aspect. We are working towards that goal. It is a difficult problem.

Also, I would like to address the concern about the bread requirement. The pattern, as it is currently formulated requires bread. Within the last 2 years, we have put out a guideline for the interpretation of the definition of bread. It has been expanded to include taco shells, pastry crust, and pizza, et cetera.

As I indicated in my testimony, the proposed revisions for the pattern would allow such things as enriched rice and pasta products to be counted as bread. Therefore, when you serve spaghetti, the current pattern says you must serve bread, in addition. The recommended changes would alleviate that problem.

In addition to our recommended changes, we are proposing that the bread or bread alternate be served on a weekly basis, not on a daily basis. So, for the 9-year-olds to 12-year-olds, eight servings of a bread or bread alternates would be required per week. Two servings could be provided by a sandwich, which is a popular item. Placing the requirement on a weekly basis would allow credit for the two slices of bread rather than one as under the present requirement.

I think these changes will considerably reduce the inflexibility in terms of the bread requirement.

Mr. BUCHANAN. I would like to express my own appreciation to the State of Maryland. I personally was very much impressed with the testimony we heard earlier on the summer feeding program in Baltimore, and to learn of their relationship of the State and how well the summer feeding program seems to be going, which is, unfortunately, in vivid contrast to some other things.

I want to commend you for the good job they are doing.

Mr. **Hall.** Thank you.

Mr. **Miller.** Mr. Kildee?

Mr. **Kildee.** We are told now that the American people ingest too much salt—that it is not healthy. I would have to personally concur in that. In my own home, we do not have a salt shaker on the table. If you want salt, you ask for it. But aside from that, we are told we are ingesting too much salt and that is not healthy.

How far should the school go, then, in educating or conditioning people in nutrition? Will it become the responsibility of the school to lead people away from the excess use of salt? This is really a philosophical question because it goes beyond the question of a balanced diet, of protein, carbohydrates.

Now, how far should a school go in educating or conditioning people in their eating habits? Would anyone care to answer that? This is an educational matter more than a direct nutritional matter, I was wondering what the schools could do.

Mr. **Hall.** I will say, if I am a bit hesitant, it is because there are possibly so many answers, none of whice are adequate. I think we should be careful not to lay on the school the total responsibility for correcting the flaws that are caused by all other segments of the society. The taste for salt, as Mrs. Maiden said, was probably acquired early in life and can be trained out as the years go by if all the people and adults are put on low-salt diets. Even in school, it is very late. But that ought not to be the reason for avoiding the attempt.

I think we can educate towards lower salt items and explain why we are doing it. That doesn't mean becoming a faddist on the subject. It merely means exercising commonsense and being very careful to exemplify that in the items we offer in the schools.

Ms. **Ostenso.** I agree with what Mr. Hall has said. I think the school might be an appropriate place to discuss the reasons for salt modification and how that might be accomplished. In fact, I think this school lunch program is a good example of that aspect of education.

I have rarely been in a school where there is a salt shaker on the table. Some of them have them on the counter as they pass by, but there is hardly time to use that salt shaker.

I might also refer you to the statement of the Committee on Nutrition of the American Academy of Pediatrics concerning salt intake and the eating patterns of infants and children. The summary statement says—salt is but one example of a nutrient that has been enjoyed by many, but must be restricted in some. Dietary modifications for persons at risk, rather than for the population at large, is consistent with sound medical and epidemiological practices.

Mr. **Kildee.** Is it the role of the school to educate or go beyond that to conditioning?

Mrs. **Maiden.** I would like to say I see the role of the school in nutrition education being not of really providing the facts, the relationship, between nutrition and optimum health, providing the impetus for education and really putting food as a source of nutrition in a proper perspective.

Food is used, I think, as a source of nourishment, as a deliberately selected source of nourishment, by a relatively small number of us. We eat for many other reasons, and the ability to go to the revision of other reasons, in substitutes for food where it is misused, the facts about certain foods or certain things, like for example, salt—and I will add to that, sugar, which is needed by our population, and an understanding of not only proper nutrition, but the elimination of the potential ills of overnutrition and undernutrition, of faddist food habits, and so forth, providing the consumer with the ability to make wise selections from among a myriad that is actually offered from which to select.

That is where I see us.

Mr. SILVERSWEIG. I agree with what is being said, but I would like to say I come from a little different place than most of the people speaking and I would like to share some of our own reflections which I think support this.

I would like to add one other concept. We have been working in a test community trying to actually reduce platewaste in Reading, Pa., and we have been finding a defectiveness in the schools. We are the ones who are really at fault. I realize the whole focus of today's legislation has to do with the schools, but in our opinion, it is the wider culture that supports a lot of the behavior ending up at school. With nutrition education, we have a wider selection in terms of the a la carte lunch.

In our study, we have seen little kids beyond the nutrition problem. I saw a little girl who got rid of her tomato juice. When I asked her why, she said, "I like to see the red spill over the rest of the garbage." There was nothing wrong in her mind with what she was saying because our whole culture supports that.

We interviewed college students and we watched them throw away a chicken dinner, with milk. We ate that dinner. It was delicious. When we interviewed them, they said it was a little too greasy. What are you going to do? we asked them. They told us they would go out and buy something else. One said, "My mother always bones my chicken. They don't bone it here in the cafeteria."

Our country supports the wasting of food to a degree of 10 percent, not only in the schools, but in restaurants, also. You can go into everybody's home and see the amounts of food that is wasted.

What we are saying is that solution and approach should include a systemwide approach in trying to get all aspects of support to prevent wasting of food.

There is a lot of people caring about wasting of food out there in the community where we are trying to get people involved. They are saying, "We are not that interested." We connected it to energy, for instance, and said that when you waste 10 percent of your food, that is 15 pounds of fertilizer, 6,500 square feet of land, 91,000 gallons of water and the equivalent in energy resources of 26 gallons of gasoline. That is what everybody in this room wastes when they discard 10 percent of edible food.

That connection with energy waste seemed to have an impact on people and got much more of an involvement in terms of the communities. That is important. It would be a mistake just to focus in the school. It is a reflection of the wider society.

Mr. **Kildee**. You feel it is more of a societal problem than an educational problem?

Mr. **Silversweig**. I think everything is very valuable and should be done, but I think, if we ignore the wider implications, we are going to end up not getting the kind of solutions we are after.

Mr. **Kildee**. Maybe we should study the waste in the Members' dining room.

Mr. **Silversweig**. I had lunch in the cafeteria today with my wife. There is about a 10-percent waste. When you have guests in your home for dinner, you put out more food than people will eat so you are seen as a good host or hostess. One thinks the teachers can change the behavior when the whole society is one of support.

Mr. **Miller**. Would the gentleman yield?

Mr. **Kildee**. Yes.

Mr. **Miller**. You have rather significant evidence to back up what you say. If that is so, to what extent are we kidding ourselves in trying to deal with it in the schools?

Mr. **Silversweig**. I really can't answer that. I don't have the expertise. I think what you are doing is very valid. I have seen some of the confusion of what to serve and the portions. A lot of them say, we know what to serve, but should we serve smaller portions to the younger children, and then they don't do it.

Mr. **Miller**. Are we kidding ourselves if we suggest we don't think they can prepare a meal without education?

Mr. **Silversweig**. I think education is important. If that doesn't occur, I think there is going to be a tendency to sort of finger point to only a significant segment of the population, and it is the entire community that really has to be involved in some way.

Ms. **Lamb**. If I may speak to that, I feel we have not done as much in the school toward education as we can do. We have just made a start. When our teachers are not educated toward good nutrition and they sit and eat with the youngsters and they throw away their food, what do you expect the students to do? There are some cafeterias where there is much less waste than there is in others.

I believe we can make great strides toward educating the American public if we really went at teacher nutrition education. This is where we can start. I think, to try and change society in any aspect is an almost impossible attempt, but we do have these youngsters for 12 years and they are eating in our cafeterias.

I believe we can accomplish a great deal if we give the proper education to those teachers.

Mr. **Silversweig**. I don't disagree with that, but go to the wider community, using Reading, Pa. as a test, to see if this is valid. We are really measuring to see if we can reduce platewaste. We found we work together. We put together an organizing committee, which includes businessmen, some food service professionals, and includes some students who are ecology minded. It is like a 1½- or 2-hour presentation of the whole subject. We have presented it to the

Rotarian Club, the Lion's Club, and they are talking about putting it on educational TV for the entire population. It is what we see is what we do, that matters.

If we focus all our attention in the schools—it is a hidden message that is really where the problem is. The parents have them for 18 years at home.

Ms. **Lamb.** I agree. My point is that up to the present time, school boards have not had the funds to put the necessary education into the schools that we could do if we had additional funds. That is my point. In our food services central office, we have a tremendous group of people who are working long, long hours on our food service program. They do not have the time to go out and push nutritional education in the schools, and we don't have the funds at the school board.

The public is saying to us, teach our children to read, write and add. So, these are the points, this is where we are putting our money. I feel that we need the funds. If there was just some way they could be gotten so we can go into nutrition education.

Mr. **Silversweig.** We did a program that had some analogy to this in terms of reducing litter. Again, in an American community, we found that the professional in that arena, the public works officials, the sanitation professionals, have wanted to reduce litter for many, many years. They knew the equipment they wanted, the kind of inspection, the kinds of containerization, laws, et cetera. They couldn't mobilize support and they came in last in the city council's budget.

No one seemed to care enough. The program that went communitywide in those communities, mobilized a lot of public support and in all three of the test communities, additional funds were found in the city councils so that the things that the professionals had wanted, because of the communities' understanding, because of the consciousness raising, communitywide, then things began to happen and an actual reduction in litter was accomplished.

I think we would be shortsighted not to include in there the ethnic PTA, the community groups, business groups, and just get everybody much, much more aware of the food system and the food waste. I think we have a better chance of success.

Mrs. **Maiden.** One of the things we have taken into consideration and included in our task force report is exactly that. As we talk about the education of youngsters, we recognize and recommend the involvement of the parents far more closely in that same education. So, we are making an outreach to the larger communities.

We saw the school as an already viable vehicle through which to make a start.

Mr. **Silversweig.** I agree with that. In Reading, Pa., we are getting the greatest response from food service professionals. Most of them have gone to the workshop and they are mobilizing the involvement. At the same time, we are going into community groups, as well. I think that kind of systems approach is an answer. Nothing has been measured before, and in all of our programs, measurement is a prime motivation. We get a baseline measurement. I have been in the schools, homes, and restaurants on a communitywide program, and you see the results. It starts to mobilize people.

Ms. OSTENSO. I would like to address the question of nutritional education. I would like to say I am 100 percent for nutrition education, but it is not the final answer to a very difficult problem to solve such as plate waste.

Nutrition education, at best, is very difficult to define and more difficult to measure in terms of its impact. I think there are additional needs in the programs, particularly the service of food which is acceptable, appealing, and motivating to the consumer.

I think it is important that the community and the parents also get involved. In the case of nutrition education, our studies have shown, as well as others outside the Department, that nutrition education, per se, to be taught in a class by itself, is less than successful. It must be taught in addition to, or in combination with, that reading and writing and arithmetic. There are many opportunities to do that in the classroom. I might also say the Department has tried to foster a team approach between the teacher and the school food service manager. Together they can demonstrate the nutrients provided by the lunch that day prior to coming to lunch. In this way the national school lunch program can be used as intended to provide nutritious meals and thus foster, by example, the development of sound eating habits using classroom education as reinforcement.

Mr. MILLER. If I can respond to that. I guess I am pretty discouraged. I spent a good portion of my early political life getting our first State school lunch into law in California, and since that time, I have become pretty discouraged with the program.

As I talked to the food service people the other day, I am really concerned about what our end goal is. That meal is a very expensive way to teach nutritional education. That is the goal. To my mind, it has started out as a nutritional supplement of young children because of environmental reasons; young children coming to school without the proper nutrition, and perhaps, not even a meal the night before, were listless and disruptive.

The program was obviously expanded beyond that, through the work of this committee, myself and others. My concern is, what do we really want to accomplish? I think some of the testimony here today suggests that we are swimming up a very fast-flowing stream, if you will, in terms of the stimulus coming to young children, the very families through which all the cultural input of the waste, in terms of good eating habits, and in terms of nutrition.

So, what we are trying to do here—and a lot of teachers suggest to me in the low-income areas, they feel they would be better off if at 10:30 or 11 in the morning somebody could bring milk, an apple or a sandwich to their room and they could discuss nutrition and teach it as a subject. They could have that kind of supplement instead of putting that kid in the lunchroom, with recess afterwards, and he races through whatever is on his tray and he splits for the playground.

I don't know the answer to that. In some districts, we have done surveys which show 30 percent of the kids are coming with no breakfast. I am not sure that is definitive as to what kind of economic background they are coming out of. I think we have really got to examine it. I am not sure we can continue to go back to the full Congress and give it the almost built-in inflation factor dealing with the commodities and type of program we are dealing with if we are not very clear what the goals are.

When we went through the program, the labor unions suggested this was a jobs bill. I will be damned if I will go to the Congress and sponsor a bill for $1.5 billion or $2 billion—for a kitchen and serving food, that is a different matter.

I am very deeply concerned about that in terms of what we are doing. Are we kidding ourselves to believe they can restructure a young child's, even a young adult's eating habits, in one 15-minute period a day? Much across the country is happening. I am afraid that is not the result—they are leaving the school grounds and they are going to McDonald's and their parents are taking them.

You have the statistics of how many meals are now eaten out of the home, in the fast food industry, and all of that. Can this program meet that challenge within some kind of limitation of which we can consider funding?

I started out being for the universal free school lunch program for everybody. I thought that was the best way to go. I still kind of do, if we can show some goals are being met. We say the meal, by itself, isn't enough; education by itself isn't enough. It comes down to we are very confused in how we join these in terms of a national program. Some say different strokes for different folks.

But sitting here with it and trying to fill in the blank spaces in the authorization, we have to know a little more about what is going on out there.

I have school administrators and teachers involved, in the district I represent, who are the richest and the poorest in the State. I am hard pressed to justify the program that I helped create, and that is rather disturbing to me.

Mr. BOLING. I appreciate that statement. Certainly the California legislation was a landmark piece of State legislation. I think that you can be justly proud of the passage of the legislation.

The school lunch program, of course, started as a basic program of nutrition for all children and what it provided was, as you know, about 5 cents a lunch for every lunch that met the type A pattern.

The basic food patterns, with gravy—although gravy isn't required by the Federal regulations—were more common in those days and more readily acceptable and recognizeable in the forms they are described.

In the 1960's, of course, our school food service people had been asked to meet the needs of needy children as defined by national standards. Our education systems have been asking to expand these programs into many districts, sometimes choosing short term and less acceptable methods for reaching those children.

Many of the problems we read about are problems associated with interim measures for needy children, of prepacked lunches, that do not allow a lot of variety and choice, and these kinds of things. A lot of concerns we are hearing are from those kinds of circumstances.

You referenced the fact that the school lunch program is increasing in cost. The school food service managers in this country are pretty darned good managers. Our statistics indicate that when you discounted for inflation, that the school lunch has not gone up in cost.

Mr. MILLER. I didn't mean to leave that impression. I said that simply because that is happening with the food stuffs you are dealing with in the market. I think that is becoming a very expensive proposition.

Mr. BOLING. I am glad you clarified that. Part of the increases in the child nutrition program are going towards very important additional measures authorized by this committee, including the child care program, the summer program, the extension of the school lunch program in residential, in institutions, so therefore, the overall build of the program is much higher.

We also have problems with paperwork. We also have resistance on the part of local administrators because of some of the paperwork problems in these programs, in the determination of free and reduced price eligibility, although a very important duty, is a duty of school administrators. It is time they don't have, but the very process of mailing out applications to everyone in the community, I think, accounts, in part, for the success of this program in reaching about 11 million needy children, the bulk of which were not reached before on these programs.

These are the kinds of other atmospheric stresses on the program that have to be considered when we are talking about the problem of platewaste, because some of the concerns are with the local people.

With the changing of people's expectations, our studies—and I might point out that the bread alternate mentioned here by Dr. Ostenso was not really brought forward because it was going to reduce waste, but that through the analysis of recipes and with working with the Agriculture Research Service, they were able to demonstrate this was meeting these nutritional objectives which offers that flexibility. It is not done by whim; it is done by careful research.

I think we have to learn better how to design meals that are acceptable to children using all the things we are talking about: food quality; getting the children involved in menu planning; getting them to understand why vegetables are important in their diet; and good preparation and food management by particular major districts that are being expanded and asked to expand these programs into all of their schools.

I think it is possible that we are on the right track. I think it is possible to provide in the school the best quality meal, the best quality nutrition. I think that must be our first objective.

Ms. OSTENSO. I might add one other statement relative to meeting the nutritional needs of children. The Department did contract for a study with Washington State University and the results indicated that the school lunch contributed between 28 and 47 percent of their total dietary and nutrient intake.

We do have the data broken down by income levels. I have the data here if you are interested in it.

Mr. BOLING. We have a couple of other studies underway that I think will be of interest to the committee, Mr. Chairman. One of them is an evaluation of the service in the high school. I think that will be very useful to the committee in deciding what they see as the future objectives of this program.

In addition, we have a study that we hope to be conducting very soon—it is in the final clearance stages—which will assess the impact of a series of different menu-planning systems, including a free choice system, the offer versus served, the type A and a four-food group system.

I think that these will help expand our knowledge of what this type of program is doing.

Mr. SILVERSWEIG. You expressed some frustration about something—you are giving the time and energy to which I feel is very important to so many kids. You are not alone. This thing we found—I have only been in this field for a year and a part—my business is going from problem to problem. We find when people feel they have an unsolvable problem, they tend to look for a group to blame.

The legislation, I think, is getting that kind of a focus. They don't know the legislation, but they are upset about the waste of food in our schools or upset with the food service professional which don't know how to handle the food, which isn't true.

I talked to their professional association in Reading, but it is a tendency. I also have seen places where people thought that groups couldn't get together and solve this thing with a systems approach. I have seen teamsters work with management; unions work with Coca Cola management, and work out solutions. I have seen environmentalists and can manufacturers get together and work out a program that would reduce litter in Charlotte, Macon, and Tampa, by as much as 70 percent.

I think there is a chance—if I have an opportunity to come back here a year from now—I could say Reading, Pa. has reduced platewaste by 50 percent or more. Who knows, I think that is possible.

This is in response to your feeling, Mr. Miller. I would like to see somewhere, something tried that really mobilized all of the interested parties—and I would include all the people in this room, the organizations in this room, but also, the fast foods. One thing about fast foods is they use portion control. You can buy the size portion that you like. These people, I think, could be reached, and organizations could be reached.

I think the effort should be made to develop some kind of an approach to that problem and then see what we could do. I think that is a resource that has not been fully tapped yet, not only in our society——

Mr. MILLER. I want to thank you all for your contributions.

I don't want to leave the impression by my own remarks or the holding of these hearings, that the purpose is to fix blame. I didn't come 3,000 miles to do that. Hopefully, it is for the purposes of airing some of the problems so that to the extent to which the Congress, by its legislative decrees has caused that problem, can be changed; or the extent to which the Federal Government regulation response to that can be changed, so we can provide some flexibility, so that people, based upon some local knowledge, can do something in that specific school or specific district. And these, perhaps, in that specific school, can be given to the makeup of the student body.

I guess some of the frustration is, I am looking for those new ideas, and to what extent we can help foster those ideas; not simply innovation for innovation's sake; not just to be innovative and to shoot into the dark, but to take what we know about the students we are serving and how we can meet whatever that need is, and really know what that need is, so we can go back to our constituents and tell them we are getting the best back for the buck.

If you tell them, in our considered opinion—and the other people—you are getting the best back for the buck, that is the best we can do. I am prepared to do that with supporting evidence.

It is not to affix blame. I don't want to see this program go down. All those expansions are very dear to my heart because they are my amendments. It is not for that purpose. I want to see it work, maybe because it is so close to what I have been working on with the other programs. I would like to have this thing stay in the sunshine, and more people understand it.

Maybe, some day, we could go to the universal program if we ever get people back to work.

Let me thank you very, very much. Hopefully, you do understand my remarks. They were in the spirit of cooperation, and certainly, to the commitment of time.

If there are no further comments or questions, we will recess until Wednesday next. I see we have that other little problem of the summer feeding problem.

Thank you very much.

[Whereupon, at 3:05 p.m., the subcommittee recessed, to reconvene Wednesday, March 23, 1977.]

[Material submitted for inclusion in the record follows:]

MARCH 17 HEARING RECORD
REPT

STATE OF IOWA • DEPARTMENT OF PUBLIC INSTRUCTION
GRIMES STATE OFFICE BUILDING • DES MOINES, IOWA 50319

Iowa
a place to grow

ROBERT D. BENTON, Ed.D., STATE SUPERINTENDENT
David H. Bechtel, M. S., Administrative Assistant
JAMES E. MITCHELL, Ph.D., DEPUTY SUPERINTENDENT

March 9, 1977

Representative Carl D. Perkins
Chairman, House Education and Labor Committee
Rayburn House Office Building
Washington, D. C. 20515

Dear Congressman Perkins:

We decided to poll all 790 outlets Iowa has that participate in the Special Milk Program and ask for their input about the continuation of the free milk provisions thereof. So far, 430 or 54 percent have replied -- the deadline for replying has passed.

An outlet means a public school, nonpublic school, boarding school, residential child care institution, summer camp, and any other school or institution participating in the Special Milk Program.

Iowa has a large number of small school districts; however, larger districts are represented in each of the different options.

The instrument was designed in the hopes it would be easy to read, easy to understand, and easy for the person to reply. There were no provisions for write-in comments. The results were:

1. 161 outlets or 37 percent of those responding checked: "The free milk provisions should be continued as is."
2. 55 outlets or 13 percent checked: "The free milk provisions should be discontinued."
3. 74 outlets or 17 percent preferred local option -- let the school or institution decide annually.
4. 140 outlets or 33 percent would also like for the free milk provisions to be continued with the proviso, however, that the outlet should not be responsible for protecting the child's anonymity because these provisions are extremely difficult to administer.

Representative Carl D. Perkins
Page 2
March 9, 1977

We find that a part of the strong objection to the free milk provisions is not that the economically needy child receives free milk but because it is so difficult to administer and protect the child's anonymity -- if not next to impossible.

Summary: 70 percent of those responding favored retaining the free milk provisions.

We urge you to support the federal funding of the Special Milk Program that would provide for:

1. The Special Milk Program in schools serving only milk (no lunch nor breakfast program).
2. The free milk provisions in all schools and institutions wishing to participate.

We further suggest states be given the option whether they wish to participate.

Respectfully submitted,

Vern Carpenter

Vern Carpenter, Director
Child Nutrition Programs Division

VC:kp

Mar 17 Hearing Record Insert

STATE OF IOWA • DEPARTMENT OF PUBLIC INSTRUCTION
GRIMES STATE OFFICE BUILDING • DES MOINES, IOWA 50319

Iowa
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March 17, 1977

put in record

Representative Carl D. Perkins
Chairman, House Education and Labor Committee
Rayburn House Office Building
Washington, D. C. 20515

Dear Chairman Perkins:

As you are aware, Public Law 94-105 was enacted on October 7, 1975, and one of its amendments provided a choice of foods within the Type A lunch for senior high students.

We decided to conduct "Before" and "After" studies concerning the amount of food discarded. The first study was conducted during the spring of 1976 and the second during the fall of 1976.

Forty-five school districts participated but we were unable to use the incomplete results from one district.

We are attaching a summary for your information along with a memorandum we mailed to schools.

Respectfully submitted,

Vern Carpenter

Vern Carpenter, Director
Child Nutrition Programs Division

VC:kp

Attachments

2300-C48586-3/77

March, 1977

IOWA'S FOOD RETURN STUDY

SUMMARY

Iowa's school children are being provided with nutritionally well-balanced lunches daily under the provisions of the National School Lunch Program. All public schools offer the program. Most nonpublic schools do, but not all.

The price of the lunch to the parent is a minimum charge consistent with good management. Children whose parents' income falls below established guidelines may eat free or at reduced prices. The average lunch price for students in Iowa is presently 45 cents. This has to be a bargain at this price.

Student participation in the lunch program in schools participating in the study increased from 14,878 in the spring of 1976 to 17,587 in the fall, which was an increase of 18.2 percent despite a decrease in enrollment. This increase is not necessarily attributable to this study.

Lunches prepared for this study were prepared in well-equipped kitchens. Some lunches were prepared by school foodservice personnel in central kitchens and transported to other schools.

I. CONCLUSIONS

The following pertains to all 44 schools participating in the study.

A. General:

1. "Before" and "After": "Before" refers to the spring study which was conducted prior to the "offer" provision in the law. "After" refers to the fall study which was conducted after the "offer" provision had been implemented.

2. Amount of food discarded: In the "Before" study, the average amount of food discarded was 1.9 ounces of food per tray. In the "After" study, it was 1.45 ounces.

3. Milk returned: Milk consumed "Before" was 16,390 half pints compared to 16,790 "After" with 4.00 percent discarded compared to 3.83 percent respectively. In both instances this percentage represents about one-third of one ounce, which does not appear to be extremely high. It was mentioned that a small amount of milk sloshing around in the bottom of a half-pint carton sounds like more than it really is.

4. Over-serving: In some instances the amount of food over-served was evident.

5. Awareness: School administrators, school foodservice employees, and students in schools participating in the study developed a keener sense of awareness because of the emphasis placed on the amount of food discarded in a world where hungry people exist.

B. Specific:

1. Vegetables ranked highest in percentage of edible waste.

2. Fruits ranked second highest in percentage of edible waste.

3. Girls discarded more food than boys did. This was true at all grade levels.

4. The percentage of consumption of a main dish or a food item varied within the same school.

5. There was no distinct pattern of food discarded based on the number of food items in the menu.

6. There was no distinct pattern of food discarded based on the number of students participating.

7. There was no definite pattern of food discarded by grade level.

C. A comparison within the study:

When comparing the amount of food discarded per tray to the amount served in a segment of this study pertaining only to 10 senior high schools housed apart from elementary grades, to the same factors in all 44 schools, the results show:

44 schools: 1st study, 8.78% discarded = 1.90 oz. per tray
2nd study, 7.03% discarded = 1.45 oz. per tray

10 sr. highs: 1st study, 7.0% discarded = 1.7 oz. per tray
2nd study, 7.3% discarded = 1.4 oz. per tray

Vern Carpenter, Director, Child Nutrition Programs Division

2300-C48584-3/77

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STATE OF IOWA • DEPARTMENT OF PUBLIC INSTRUCTION
GRIMES STATE OFFICE BUILDING • DES MOINES, IOWA 50319

ROBERT D. BENTON, Ed.D., STATE SUPERINTENDENT
David H. Bechtel, M. S., Administrative Assistant
JAMES E. MITCHELL, Ph.D., DEPUTY SUPERINTENDENT

DATE: March 17, 1977

TO: Schools participating in School Lunch Program
Institutions participating in Child Care Food Program

FROM: Vern Carpenter, Director, Child Nutrition Programs Division

SUBJECT: Iowa's Food Return Study

We thought you might be interested in reading a short summary of the plate waste study conducted in Iowa's public and nonpublic schools.

The primary purpose of this study was to measure the amount of food students discarded after eating school lunch.

The instrument for measuring the amount of food discarded was designed by the Food and Nutrition Service, U.S. Department of Agriculture. In brief, 5 filled trays were purchased and each food item thereon was carefully separated and weighed. The food on these 5 trays represented the control group.

Thirty trays (15 boys' and 15 girls' trays) were collected as students returned their trays after eating. After the students left the lunchroom, all food remaining on these 30 trays was carefully separated by food item and weighed. These amounts of food were tabulated by food item and menu.

After Public Law 94-105 was enacted on October 7, 1975, which specified that senior high students were to be offered a choice, the decision was made in the Child Nutrition Programs Division, DPI, to conduct the study.

It was further decided to have "Before" and "After" studies. "Before" relates to the period when schools were "serving" the Type A lunch to senior high students. This was during the spring of 1976 and prior to the time schools were to implement the new procedure. "After" refers to the period during the fall of 1976 following the date schools started implementing this new procedure.

"Served" meant that all food items were placed on the lunch tray and handed the student or the student walked by the serving counter and picked up the filled tray. The lunch on the tray was served as a unit.

Senior high students were "offered" the different food items and could choose three of the five food items now comprising the school lunch: meat or meat alternate, fruits, vegetables, bread, milk.

The study conducted during the spring of 1976 included 45 schools. These included both urban and rural areas. Four were nonpublic schools. Area consultants from the DPI division completed surveys in 21 schools. Twenty-four schools voluntarily completed the survey using their own personnel. Information from one school was incomplete.

Each of the 21 participating senior high schools served the same menu to the same grades in the fall they had served in the spring.

Results in all 44 schools showed that student participation in schools participating in the study increased from 14,878 in the spring of 1976 to 17,587 in the fall, or an increase of 18.2 percent despite a decrease in enrollment. This is not necessarily attributable to this study.

The average amount of food discarded in all 44 schools was 1.9 ounces per tray in the "Before" study: 1.45 ounces in the "After" study. The average tray contained 21.62 ounces of food in the first study: 20.61 ounces in the second study. Converted to a percentage, this is 8.78 percent dropping to 7.03 percent, respectively.

- Vegetables ranked highest in percentage of edible waste. Fruits ranked second.
- Boys discarded less food than the girls did. This was true at all grade levels.
- The percentage of consumption of a main dish or a food item varied within the same school.
- There was no distinct pattern of food discarded based on the number of food items in the menu.
- There was no distinct pattern of food discarded based on the number of students participating.
- There was no definite pattern of food discarded by grade level.

Our thanks to all schools that participated in the study. The names of all forty-five schools participating in the study have been included in the final report.

Vern Carpenter

Vern Carpenter, Director
Child Nutrition Programs Division

VC:kp

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

WEDNESDAY, MARCH 23, 1977

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:25 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the committee) presiding.

Members present: Representatives Perkins, Zeferetti, Miller, Le Fante, Weiss, Kildee, Quie, Buchanan, and Pressler.

Staff present: John F. Jennings, majority counsel; Charles Radcliffe, minority counsel, and Marian Wyman, special assistant to the chairman.

Chairman Perkins. The subcommittee will come to order.

A quorum is present.

We are delighted this morning to hear from an arm of the U.S. Congress, the General Accounting Office. It is their responsibility to see that the legislative enactments are carried out as the Congress intended. This has been the purpose of the General Accounting Office throughout the years.

Today, the Subcommittee on Elementary, Secondary, and Vocational Education is continuing its hearings on H.R. 1139 by focusing its attention specifically on the summer feeding program.

Last summer, the subcommittee conducted 15 days of oversight hearings on issues affecting the child nutrition programs. During this oversight, allegations were made concerning fraud and waste in the summer feeding program.

In an effort to find out the true facts, I asked the General Accounting Office to begin an extensive review of the program and to report back to us on its findings. We have with us today Mr. Henry Eschwege, Director of the Community and Economic Development Division of the General Accounting Office, who will relate to the subcommittee GAO's findings.

In addition, last summer I sent majority and minority committee staff members to make a field investigation of the summer feeding program in Los Angeles. Their report confirmed that problems did exist in the program out there, but it also showed that thousands of children were receiving meals who would otherwise be forced to go without adequate food but for this program.

I believe that the subcommittee reached the same conclusion after our field investigation and hearing in Dade County, Fla., last July.

So, the issue we face in reviewing this program is to find out how we can root out any fraud and waste which exists, while keeping alive an essentially good and needed program.

As we review the summer feeding program, I want the committee members to be aware of the fact that the Department of Justice and U.S. attorneys throughout the country are investigating abuses in the program. I encourage the Department of Justice to make the most thorough investigation possible and to bring actions against any person who has defrauded this program.

Anyone who steals from this program is of the worst type, because he is taking food out of the mouths of poor and hungry children.

I also want to make it very clear that this committee and its chairman will make every effort possible to clean up the summer feeding program and to restore it to its original purpose.

Mr. Quie, do you have something to say at this time?

Mr. **QUIE**. I just want to say that I concur with your views. What astounds me is that some years ago, I recall, it was at the time when Governor Carey was still on this committee, and he deplored what was happening in the city of New York.

One instance that I recall so well is that they started doing some investigation and found out that the food that was going out in the trucks was not getting to the children. Evidently, they were taking it someplace else and selling it. If they could not sell it all, they would bring it back again.

So they waited for them at the end, in order to catch them. They went out with the trucks on the last day, and they were going to catch them that day. But they never came back again, because they sold the trucks, too, on the last day.

Now, this happened years ago. Despite what is wrong with the legislation, I do not understand what is wrong with the administrators on the Federal level, the State level, as well as the bandits, the thieves who are running the program. It seems to me that they are all in cahoots with each other, because you can blame the law, but there ought to be some individual judgments.

As the chairman indicated, it is the worst type, to take food away from needy children.

In Minnesota, I think it has been rather clean, I hope so anyway, but the State officials who have been operating the program in the past have said that they will not have anything to do with it any more. That means that it is going to be an open door for the thieves in Minnesota also, to take over the program.

So I hope we can get to the bottom of this, and stop this crime that exists.

Chairman **PERKINS**. Mr. Eschwege. Please proceed.

STATEMENT OF HENRY ESCHWEGE, DIRECTOR, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY STANLEY SARGOL, ASSISTANT DIRECTOR; ANDREW MACYKO, AUDIT MANAGER, NEW YORK OFFICE; AND DICK BOLON, WASHINGTON AUDIT MANAGER

Mr. **Eschwege**. Thank you, Mr. Chairman.

I would like to introduce my colleagues here this morning. On my left is Mr. Andrew Macyko, audit manager of the New York office. On my immediate right is Mr. Stanley Sargol, the assistant director, and on his right is Mr. Dick Bolon, the Washington audit manager on this particular review.

I thought in the interest of time that I would not read my entire statement.

Chairman **Perkins**. Without objection, your entire statement will be inserted in the record.

[The statement of Henry Eschwege follows:]

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY
EXPECTED AT 9:00 AM EST
WEDNESDAY, MARCH 23, 1977

STATEMENT OF
HENRY ESCHWEGE, DIRECTOR
COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION

BEFORE THE
SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION
HOUSE COMMITTEE ON EDUCATION AND LABOR
ON
THE SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

WE ARE HERE TODAY AT THE REQUEST OF THE SUBCOMMITTEE TO DISCUSS THE SUMMER FOOD SERVICE PROGRAM FOR CHILDREN ADMINISTERED BY THE FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE. OUR OFFICE IS COMPLETING A REVIEW OF VARIOUS ASPECTS OF THIS PROGRAM PURSUANT TO YOUR AUGUST 1976 REQUEST, MR. CHAIRMAN. MY STATEMENT TODAY WILL SUMMARIZE OUR PROPOSALS AND SUGGESTIONS FOR ADMINISTRATIVE AND LEGISLATIVE CHANGES TO IMPROVE THE OPERATION OF THE PROGRAM.

THE SUMMER FEEDING PROGRAM IS ONE OF SEVERAL CHILD-FEEDING PROGRAMS WHICH THE CONGRESS AUTHORIZED TO SAFEGUARD THE HEALTH AND WELL-BEING OF THE NATION'S CHILDREN. IT IS DESIGNED TO FEED, DURING THE SUMMER VACATION, CHILDREN FROM AREAS IN WHICH POOR ECONOMIC CONDITIONS EXIST. BELOW THE FEDERAL LEVEL, THE PROGRAM IS GENERALLY ADMINISTERED BY THE STATE EDUCATION AGENCY WHICH ENTERS INTO AGREEMENTS WITH LOCAL SPONSORS TO OPERATE THE PROGRAM AT APPROVED FEEDING SITES. SPONSORS, IN TURN, ENTER INTO AGREEMENTS WITH FOOD VENDORS FOR DELIVERY OF FOOD TO THE FEEDING SITES. IF THE STATE AGENCY CANNOT OR WILL NOT ADMINISTER THE

PROGRAM, THE FOOD AND NUTRITION SERVICE ADMINISTERS IT IN THAT STATE IN THE SAME MANNER AS A STATE AGENCY WOULD. ALL PROGRAM COSTS ARE PAID BY THE FEDERAL GOVERNMENT.

IN RECENT YEARS, THE PROGRAM HAS SUBSTANTIALLY INCREASED IN TERMS OF PARTICIPATION AND COST. DURING THE SUMMER OF 1975, A REPORTED 2.4 MILLION CHILDREN WERE FED AT OVER 16,000 SITES MAINTAINED BY 1,200 SPONSORS. THE FEDERAL COST OF THE 1975 PROGRAM WAS ABOUT $65 MILLION. FOR THE SUMMER OF 1976, IT IS ESTIMATED THAT 3.7 MILLION CHILDREN WERE FED AT NEARLY 25,000 SITES MAINTAINED BY OVER 2,100 SPONSORS. FEDERAL COSTS FOR THE 1976 PROGRAM ARE ESTIMATED AT ABOUT $169 MILLION.

THE MAJOR OBJECTIVE OF OUR REVIEW HAS BEEN TO IDENTIFY ADMINISTRATIVE AND LEGISLATIVE CHANGES NEEDED TO PREVENT ABUSES, WHICH WERE SO PROMINENT IN THIS PROGRAM, FROM OCCURRING IN FUTURE YEARS. OUR REVIEW WAS CONDUCTED AT THE FOOD AND NUTRITION SERVICE HEADQUARTERS IN WASHINGTON AND AT TWO OF ITS REGIONAL OFFICES (MID-ATLANTIC--PRINCETON, N.J., AND WESTERN-SAN FRANCISCO). WE CONCENTRATED ON PROGRAM OPERATIONS IN NEW YORK CITY, LOS ANGELES COUNTY, PHILADELPHIA, AND BALTIMORE, AND RELATED STATE AGENCIES.

OUR APPROACH WAS TO OBTAIN INFORMATION ON THE CAUSES OF ABUSES THAT HAD ALREADY BEEN IDENTIFIED BY OTHER GROUPS, PRIMARILY BY THE DEPARTMENTS OF AGRICULTURE AND JUSTICE, AND BY CONGRESSWOMAN HOLTZMAN AND VARIOUS STATE OFFICIALS. AS AGREED WITH THE STAFF OF THIS SUBCOMMITTEE, WE DID NOT ATTEMPT TO IDENTIFY AND DOCUMENT ADDITIONAL ABUSES. WE WERE CAREFUL NOT TO IMPEDE IN ANY WAY THE CRIMINAL INVESTIGATIONS BEING MADE BY THE

TWO DEPARTMENTS. WE WERE TOLD THAT ONE INDICTMENT AND ONE CONVICTION HAVE RESULTED FROM THESE INVESTIGATIONS, WHICH ARE CONTINUING.

WE ALSO TOOK INTO ACCOUNT THE RESULTS OF OUR EARLIER REVIEW ON WHICH WE REPORTED TO THE CONGRESS ON FEBRUARY 14, 1975 (RED-75-336).

PROGRAM ABUSES

THE PROBLEMS WHICH OCCURRED IN THE 1976 PROGRAM WERE SIMILAR TO THOSE NOTED IN PRIOR YEARS BY THE DEPARTMENT'S AUDITORS AND IN OUR FEBRUARY 1975 REPORT. TYPICAL REPORTED ABUSES WERE

--FOOD WASTE CAUSED BY INADEQUATE STORAGE FACILITIES,

--DELIBERATE DUMPING OF FOOD BY SOME VENDORS, SPONSORS, OR SITE PERSONNEL,

--FOOD THROWN AWAY BECAUSE IT WAS OF POOR QUALITY AND WAS UNAPPETIZING,

--CONSUMPTION OF MEALS BY ADULTS,

--OFF SITE CONSUMPTION BY CHILDREN,

--MEALS SERVED DID NOT MEET NUTRITIONAL STANDARDS,

--INDICATIONS OF KICKBACKS AND BRIBES TO SPONSORS FROM VENDORS SUPPLYING MEALS TO THE PROGRAM,

--IMPROPER BIDDING PROCEDURES WHICH RESULTED IN CONTRACTS AWARDED AT THE MAXIMUM ALLOWABLE RATES,

--OVERPAYMENTS TO SPONSORS BASED ON IMPROPER CLAIMS FOR REIMBURSEMENT, AND

--MAINTENANCE OF INCOMPLETE AND INACCURATE DATA ON THE NUMBER OF MEALS DELIVERED AND THE NUMBER OF CHILDREN FED.

GENERALLY, ALL OF THE SERIOUS PROGRAM ABUSES WE ARE AWARE OF INVOLVED PRIVATE SPONSORS. ABOUT THREE-FOURTHS OF THE SPONSORS OPERATING THE 1976 SUMMER FOOD SERVICE PROGRAM WERE PRIVATE ORGANIZATIONS--THE OTHER ONE-FOURTH WERE SCHOOLS OR CITY AND COUNTY GOVERNMENT AGENCIES. THREE OF THE LOCATIONS INCLUDED IN OUR REVIEW USED SUCH PUBLIC AGENCIES AS SPONSORS AND, FROM WHAT WE COULD LEARN, THESE SPONSORS RAN RELATIVELY GOOD PROGRAMS. AS DISCUSSED LATER IN THIS STATEMENT, MANY OF OUR PROPOSALS MIGHT NOT BE NECESSARY FOR PUBLIC AGENCIES.

ON DECEMBER 10, 1976, WE BRIEFED THE DEPARTMENT OF AGRICULTURE AND STAFF OF THIS SUBCOMMITTEE ON OUR PROPOSALS FOR ADMINISTRATIVE CHANGES TO STRENGTHEN THE PROGRAM. THE DEPARTMENT ISSUED *PROPOSED* REGULATIONS ON DECEMBER 21, 1976, AND SUBSEQUENTLY REVISED THEM BASED ON COMMENTS RECEIVED FROM 126 SOURCES. *FINAL* REGULATIONS WERE ISSUED ON MARCH 1, 1977. THE NEW REGULATIONS ARE INTENDED TO CORRECT OR ALLEVIATE MANY OF THE PROBLEMS AND ABUSES FOUND IN PAST PROGRAMS. WE BELIEVE, HOWEVER, THAT CERTAIN ADDITIONAL ADMINISTRATIVE REVISIONS ALONG THE LINES WE HAD PROPOSED SHOULD HAVE BEEN MADE. IT MAY BE TOO LATE TO REMEDY THIS FOR THE 1977 PROGRAM YEAR.

SPONSOR APPLICATIONS

FOR THE 1976 PROGRAM, THE SERVICE'S REGULATIONS REQUIRED THAT SPONSORS' APPLICATIONS BE SUBMITTED TO THE STATES AT LEAST 30 DAYS PRIOR TO THE START OF FOOD SERVICE. THIS 30-DAY INTERVAL PROVED TO BE TOTALLY INADEQUATE FOR SOME STATES, PARTICULARLY THE LARGER ONES, TO ADEQUATELY EVALUATE PROSPECTIVE SPONSORS' QUALIFICATIONS AND THE SERVICE THEY PROPOSED TO PROVIDE. AS YOU KNOW, IT WAS REPORTED THAT MANY INCOMPETENT AND DISHONEST SPONSORS WERE APPROVED FOR THE 1976 PROGRAM.

THE 1977 REGULATIONS GIVE EACH STATE AUTHORITY TO ESTABLISH THE DATE BY WHICH SPONSOR APPLICATIONS MUST BE SUBMITTED. THIS PROVISION WILL BE HELPFUL IN ALLEVIATING THE SITUATION WHICH OCCURRED IN 1976, BUT WE CONTINUE TO BELIEVE THAT THE DATES ESTABLISHED BY THE STATES SHOULD BE INCLUDED IN STATE PLANS AND BE SUBJECT TO SERVICE APPROVAL TO ENSURE THAT THE STATES HAVE ADEQUATE TIME TO EVALUATE THE APPLICATIONS.

SPONSOR TERMINATION

STATES HAVE PREVIOUSLY HAD AUTHORITY TO TERMINATE SPONSORS FOR CAUSE OR CONVENIENCE; HOWEVER, WE FOUND NO INSTANCES WHERE SPONSORS WERE TERMINATED DURING 1976 ALTHOUGH SERIOUS PROBLEMS IN SPONSOR OPERATIONS WERE DISCLOSED. WE PROPOSED THAT THE FOOD AND NUTRITION SERVICE PROVIDE GUIDANCE TO THE STATES REGARDING GROUNDS FOR SPONSOR TERMINATION AND FOR PROVIDING ALTERNATIVE MEANS OF CONTINUING THE FEEDING OPERATIONS OF TERMINATED SPONSORS. THE 1977 REGULATIONS PARTIALLY ADDRESSED THIS MATTER BY PROVIDING GUIDANCE ON SPONSOR TERMINATION FOR FAILURE TO COMPLY WITH PROCUREMENT REQUIREMENTS. HOWEVER, THEY DO NOT PROVIDE CRITERIA FOR TERMINATING A SPONSOR FOR OTHERWISE UNSATISFACTORY PERFORMANCE AND DO NOT SUGGEST ALTERNATE MEANS FOR FEEDING CHILDREN ONCE A SPONSOR HAS BEEN TERMINATED.

SITE APPROVAL AND LIMITATIONS

INADEQUATE CRITERIA RESULTED IN APPROVAL OF A NUMBER OF UNSATISFACTORY FEEDING SITES IN 1976. THE 1976 REGULATIONS REQUIRED THAT SPONSORS SUBMIT INFORMATION ON EACH PROPOSED SITE BUT THE REGULATIONS DID NOT DEFINE WHAT CONSTITUTED AN ELIGIBLE SITE, AND FAILED TO PRESCRIBE PROCEDURES

FOR SITE APPROVAL. AS A RESULT, MOST SITES WERE ROUTINELY APPROVED. WHEN FEEDING OPERATIONS BEGAN, A NUMBER OF PROBLEMS AROSE. SITES WERE FOUND TO HAVE INADEQUATE FOOD STORAGE AND SERVICE FACILITIES, SOME SITES WERE ASSIGNED TO MORE THAN ONE SPONSOR, AND SITES WERE SERVING MORE LUNCHES THAN THERE WERE CHILDREN RESIDING IN THE AREA--IN ONE LOCATION SITES REPORTEDLY SERVED 44,500 LUNCHES IN AN AREA WITH ONLY 28,400 CHILDREN UNDER 19 YEARS OF AGE.

THE REGULATIONS FOR 1977 DO LIMIT THE NUMBER OF CHILDREN WHICH CAN BE SERVED AT A FEEDING SITE AND THE NUMBER OF SITES PER SPONSOR. PRE-PROGRAM SITE VISITS WILL BE REQUIRED TO ALL NON-SCHOOL SITES IN LARGER CITIES. ALSO, STATES WILL HAVE THE AUTHORITY TO LIMIT THE TYPES OF MEALS SERVED. THESE REVISIONS WILL BE HELPFUL, BUT ADDITIONAL REGULATIONS ARE NEEDED TO

--DEFINE WHAT CONSTITUTES AN ADEQUATE AND ACCEPTABLE FEEDING SITE;

--REQUIRE STATES TO VISIT ALL SITES PRIOR TO APPROVAL, IN AN EFFORT TO AVOID THE KINDS OF MAJOR PROBLEMS EXPERIENCED IN THE PAST; AND

--REQUIRE THE STATES TO DISAPPROVE CLUSTERED SITES TO REDUCE COMPETITION FOR PARTICIPANTS, UNLESS SUCH MULTI-SITES ARE NEEDED TO FEED ELIGIBLE CHILDREN IN THE AREA WITHIN THE ESTABLISHED PER-SITE LIMIT.

SITE TERMINATION

WHILE THE PRIOR AND CURRENT REGULATIONS PROVIDED THE STATES WITH THE AUTHORITY TO TERMINATE SPONSORS, THERE IS NO CRITERIA FOR TERMINATING UNSATISFACTORY SITES. CONSEQUENTLY, UNSATISFACTORY SITES WERE NOT CLOSED LAST SUMMER UNTIL AFTER REPEATED AND NUMEROUS VIOLATIONS WERE DISCLOSED, SUCH AS IMPROPER FOOD STORAGE AND OFF-SITE CONSUMPTION OF FOOD. THE 1977 REGULATIONS PROVIDE FOR A STATE TO RESTRICT SITES TO ONE MEAL SERVICE A DAY--RATHER THAN ALLOWING UP TO FIVE A DAY AS IS OFTEN THE CASE--FOR CERTAIN VIOLATIONS OF FOOD SERVICE REQUIREMENTS. IN ADDITION, THE SERVICE SHOULD ALSO PROVIDE CRITERIA AND GUIDANCE FOR TERMINATING INDIVIDUAL SITES AND FOR PROVIDING ALTERNATE FEEDING SITES.

SPONSOR-VENDOR RELATIONSHIPS

PROGRAM REGULATIONS FOR 1976 AND EARLIER YEARS DID NOT GIVE STATE AGENCIES ADEQUATE CONTROL OVER SPONSORS' BIDDING AND CONTRACTING ACTIVITIES. AS A RESULT, PAST PROGRAM OPERATIONS WERE AFFECTED BY SERIOUS PROCUREMENT PROBLEMS AND ABUSES INCLUDING ALLEGED VENDOR KICKBACKS TO SPONSORS, FALSIFICATION OF SPONSORS' REIMBURSEMENT CLAIMS, AWARD OF IMPROPER CONTRACTS AT THE MAXIMUM RATES TO FAVORED VENDORS, AND A LACK OF COMPETITION FOR FOOD SERVICE CONTRACTS.

THE SERVICE'S 1977 REGULATIONS ADDRESS THESE PROBLEMS BY REQUIRING

--STATES TO WITNESS THE PUBLIC BID OPENINGS FOR SPONSORS EXPECTED TO RECEIVE MORE THAN $100,000;

--STATES TO DEVELOP STANDARD CONTRACTS FOR USE BY ALL SPONSORS AND VENDORS TO PREVENT SPONSORS AND VENDORS FROM WRITING PROVISIONS FAVORABLE TO THEMSELVES AND OMITTING PENALTIES FOR NONPERFORMANCE, ETC.

--STATE APPROVAL OF THE AWARD OF ALL BIDS OF $100,000 OR MORE AND ALL BIDS WHICH EXCEED THE LOWEST BID BY MORE THAN 2 CENTS PER MEAL (1977 REGULATIONS STATE THAT A BIDDER OTHER THAN THE LOWEST BIDDER MAY RECEIVE THE AWARD IF IT IS MORE ADVANTAGEOUS TO THE SPONSOR); AND

--VENDOR BONDING AND HEALTH CERTIFICATES.

ADDITIONAL REQUIREMENTS ARE NEEDED, HOWEVER,

--SPONSORS SHOULD BE REQUIRED TO PUBLICLY SOLICIT BIDDERS BY ADVERTISING IN TWO OR MORE GENERAL CIRCULATION NEWSPAPERS, AS WELL AS TRADE JOURNALS, THE COMMERCE BUSINESS DAILY, OR OTHER APPROPRIATE MEDIA WHENEVER PRACTICABLE;

--SPONSORS SHOULD BE REQUIRED TO ACCEPT THE LOWEST BID UNLESS CIRCUMSTANCES MAKE ACCEPTANCE OF ANOTHER BID MORE BENEFICIAL TO THE PROGRAM AND THIS CAN BE ADEQUATELY JUSTIFIED TO THE STATE;

--AFTER THE BID OPENINGS BUT PRIOR TO THE AWARD OF ANY CONTRACT EXCEEDING $100,000, THE STATE AGENCY SHOULD BE REQUIRED TO EVALUATE THE PROSPECTIVE VENDOR, INSPECT THE VENDOR'S FOOD PREPARATION FACILITIES, INQUIRE INTO POTENTIAL CONFLICTS OF INTEREST BETWEEN THE CONTRACTING PARTIES, AND CONSIDER THE VENDOR'S PRIOR PERFORMANCES IN OTHER CHILD NUTRITION PROGRAMS; AND

--THE STATE AGENCY SHOULD APPROVE ALL SPONSOR/FOOD VENDOR CONTRACT AWARDS FOR SPONSORS ENTERING CONTRACTS TOTALING MORE THAN $100,000.

TIMING OF ADVANCES OF ADMINISTRATIVE FUNDS TO STATES

IN 1976, THE FINAL ADVANCE OF FUNDS FOR STATE ADMINISTRATIVE COSTS WAS MADE AS LATE AS AUGUST, ALTHOUGH IT WAS PLANNED FOR JULY 15. SEVERAL STATES

COMPLAINED THAT THEY NEEDED THIS LAST ADVANCE EARLIER TO MATCH THEIR ACTUAL NEEDS FOR CASH AND THAT LATE RECEIPT OF THE ADVANCE PREVENTED THEM FROM SPENDING MONEY FOR NEEDED ADMINISTRATIVE MEASURES. WE SUGGESTED THAT THE SERVICE MAKE THE FINAL ADVANCES BY JUNE 15. THE SERVICE'S NEW REGULATIONS PROVIDE FOR SOME ACCELERATION OF ADVANCES TO STATES. MORE MONEY WILL BE MADE AVAILABLE EARLIER; HOWEVER, THE FINAL ADVANCE COULD STILL BE MADE AS LATE AS JULY 15.

STATE PROGRAM STAFFING

LATE HIRING TOGETHER WITH UNDERESTIMATING OF ACTUAL STAFF NEEDS BY THE STATES RESULTED IN STATE AGENCIES NOT HAVING THE RESOURCES NEEDED TO ADEQUATELY MONITOR AND ADMINISTER THE 1976 PROGRAM. TO GIVE THIS PROGRAM THE YEAR-ROUND ATTENTION IT NEEDS IN THE LARGER PROGRAM STATES, WE PROPOSED THAT THERE BE PERMANENT, FULL-TIME OR EQUIVALENT, YEAR-ROUND STATE AGENCY STAFFING IN STATES WHERE THE PROGRAM IS EXPECTED TO EXCEED $5,000,000 A YEAR. THE SERVICE DID NOT ADOPT OUR PROPOSAL. ITS NEW REGULATIONS SIMPLY STATE THAT STATE STAFFING BE AVAILABLE IN SUFFICIENT TIME TO PROPERLY PLAN AND IMPLEMENT THE PROGRAM.

PROGRAM MONITORING BY STATES

THE SERVICE'S REGULATIONS FOR LAST SUMMER REQUIRED LIMITED MONITORING OF SPONSORS AND THEIR SITES BY THE STATES. STATES' MONITORING EFFORTS IN MAJOR URBAN AREAS, FOR THE MOST PART, WERE INADEQUATE TO ASSURE THE INTEGRITY OF PROGRAM OPERATIONS OR TO MINIMIZE ABUSES. IN SOME CASES, ALONG WITH BEING INSUFFICIENT IN NUMBERS, MONITORS WERE HIRED LATE AND WERE POORLY QUALIFIED OR TRAINED.

THE 1977 REGULATIONS STRENGTHEN THE STATES' MONITORING REQUIREMENTS FOR SPONSORS AND SITES, ESPECIALLY FOR APPLICANTS WHO HAVE NOT PREVIOUSLY PARTICIPATED IN THE PROGRAM AND APPLICANTS WHO WILL RECEIVE MORE THAN $50,000 IN PROGRAM PAYMENTS. ADDITIONALLY STATE AGENCIES WHICH EXPECT TO RECEIVE MORE THAN $250,000 IN STATE ADMINISTRATIVE FUNDING ARE REQUIRED TO CONDUCT REVIEWS, DURING THE FIRST 4 WEEKS OF OPERATIONS, OF CERTAIN MULTI-SITE SPONSORS ESPECIALLY IF THE SITES ARE LOCATED IN CITIES WITH SCHOOL ENROLLMENT EXCEEDING 75,000. ALSO, THE STATES, FOR THE FIRST TIME, WILL BE RESPONSIBLE FOR SOME MONITORING OF FOOD VENDOR OPERATIONS AND MAY REQUIRE THE REGISTRATION OF ALL VENDORS DESIRING TO CONTRACT WITH A SPONSOR.

THE 1977 REGULATIONS DO NOT, HOWEVER, FULLY INCORPORATE OUR PROPOSALS. WE PROPOSED THAT THE STATES ALSO BE REQUIRED TO VISIT ALL SITES DURING THE FIRST 4 WEEKS OF OPERATIONS AND TO CONCENTRATE SUBSEQUENT STATE MONITORING ON SITES FOUND TO HAVE SERIOUS DEFICIENCIES. WE ALSO PROPOSED THAT THE SERVICE SHOULD REQUIRE THAT STATE PROGRAM PLANS INCLUDE INFORMATION ON THE FREQUENCY OF VISITS TO BE MADE TO FEEDING SITES AND VENDORS, AND THE SCOPE OF STATE MONITORING. ANY STATE PLANS FOUND TO BE INADEQUATE IN THIS REGARD SHOULD NOT BE APPROVED.

PROGRAM MONITORING BY SPONSORS

THE NEW REGULATIONS INCREASE THE REQUIREMENTS FOR THE SELF-MONITORING OF SITES BY SPONSORS. HOWEVER, SELF-MONITORING HAS NOT ALWAYS WORKED TOO WELL. SPONSORS HAVE NO STRONG INCENTIVES TO REPORT AND CORRECT DEFICIENCIES. THE SPONSOR DOES NOT PAY FOR THE MEALS AND THE SPONSOR'S ADMINISTRATIVE

COST REIMBURSEMENT CEILING INCREASES WITH EACH MEAL REPORTED AS HAVING BEEN SERVED.

CONSEQUENTLY, WE SUPPORT AN EXPANDED STATE ROLE IN MONITORING PROGRAM OPERATIONS--AS DISCUSSED PREVIOUSLY.

SPONSOR RECORDKEEPING

SPONSOR RECORDKEEPING IN SUFFICIENT DETAIL TO JUSTIFY THE REIMBURSEMENT CLAIMED IS NEEDED TO PROTECT THE GOVERNMENT'S INTEREST. THE MAINTENANCE OF INADEQUATE SPONSOR AND SITE RECORDS HAS BEEN A CONTINUING PROBLEM IN THIS PROGRAM AND WAS ONE OF THE MAJOR PROBLEMS AFFECTING PROGRAM OPERATIONS IN SOME OF THE STATES WE VISITED.

THE REGULATIONS CALL FOR THE MAINTENANCE OF RECORDS ON NUMBERS OF MEALS REPORTED AS BEING SERVED. SUCH INFORMATION IS NOT ADEQUATE TO SUPPORT THE SPONSORS' CLAIMS. SPONSORS SHOULD BE REQUIRED TO KEEP ROSTERS OF ENROLLED CHILDREN IN SUPPORT OF MEALS SERVED.

LEGISLATIVE CONSIDERATIONS

IN VIEW OF PAST PROGRAM ABUSES, THERE ARE SOME LEGISLATIVE CHANGES THAT COULD HELP ELIMINATE OR MINIMIZE THE EXTENT OF PROGRAM ABUSES AND IMPROVE OPERATIONS IN FUTURE YEARS.

SPONSOR ELIGIBILITY

SECTION 13(a)(1) OF THE CURRENT LAW PROVIDES THAT "ANY ELIGIBLE SERVICE INSTITUTION SHALL RECEIVE THE SUMMER FOOD PROGRAM UPON ITS REQUEST". IN PRIOR YEARS THIS PROVISION CREATED THE IMPRESSION AMONG SOME STATES THAT ALL NONPROFIT SERVICE INSTITUTIONS THAT APPLY ARE AUTOMATICALLY ELIGIBLE. AS A RESULT, FOR EXAMPLE, ALL SERVICE INSTITUTIONS

THAT APPLIED IN 1976 WERE APPROVED IN THE FOUR STATES WE VISITED. WE WERE TOLD THAT SOME OF THESE SPONSORS PROVED TO BE INCOMPETENT OR DISHONEST.

THE SERVICE TOLD US THAT, BASED ON ITS INFORMAL DISCUSSIONS WITH THIS SUBCOMMITTEE, IT CONSIDERS THIS PROVISION TO MEAN THAT SPONSORS COULD NOT BE DISAPPROVED SOLELY BECAUSE FEDERAL FUNDS WERE NOT AVAILABLE. THERE IS SOME CLARIFICATION IN THE SERVICE'S 1977 REGULATIONS WHICH PROVIDE CRITERIA FOR DETERMINING WHICH SPONSORS MUST BE SELECTED FIRST IF MORE THAN ONE SPONSOR WANTS TO SERVE THE SAME CHILDREN. WE NOTE, HOWEVER, THAT PUBLIC AGENCIES DO NOT HAVE TOP PRIORITY UNDER THESE CRITERIA--WE BELIEVE THEY SHOULD. THE REGULATIONS ALSO CONTAIN OVERALL STANDARDS AND CRITERIA FOR SPONSOR ELIGIBILITY WHICH, AMONG OTHER THINGS, WILL ALLOW STATES TO REJECT SPONSOR-APPLICANTS THAT HAVE AN UNSATISFACTORY TRACK RECORD.

ALTHOUGH THE SERVICE'S NEW REGULATIONS MAY BE HELPFUL IN CLARIFYING THE MISUNDERSTANDING WHICH OCCURRED IN 1976, WE BELIEVE THE CONGRESS SHOULD MAKE IT CLEAR THAT THE LAW DOES NOT REQUIRE MANDATORY APPROVAL OF EVERY SERVICE INSTITUTION THAT APPLIES.

ESTABLISHING ELIGIBILITY

CURRENT LEGISLATION ESTABLISHES PROGRAM ELIGIBILITY ON AN AREA BASIS--ELIGIBLE AREAS ARE THOSE IN WHICH AT LEAST 1/3 OF THE CHILDREN ARE ELIGIBLE FOR FREE OR REDUCED PRICE SCHOOL MEALS. SUCH PROGRAM ELIGIBILITY HAS CAUSED PROBLEMS WITH REGARD TO DETERMINING THE ELIGIBILITY OF RESIDENTIAL SUMMER CAMPS NOT LOCATED IN TARGET AREAS. ALSO, ALTHOUGH PROGRAM OFFICIALS GENERALLY BELIEVE THAT FEW URBAN SITES WOULD FAIL TO MEET THE

ELIGIBILITY REQUIREMENT, THEY SAID THAT IT IS DIFFICULT TO ESTABLISH THE ELIGIBILITY OF PARTICULAR SITES UNDER THE CRITERIA IN THE LAW BECAUSE DATA IS NOT GENERALLY AVAILABLE TO ASCERTAIN WHETHER 1/3 OF THE CHILDREN IN THE TARGET AREA ARE NEEDY (AS REQUIRED BY LAW). THEY SUGGEST THAT CENSUS DATA, WHICH IS AVAILABLE BY GEOGRAPHICALLY-DEFINED TRACTS AND INCLUDES INFORMATION ON NEEDY FAMILIES, SHOULD BECOME THE PRIMARY CRITERION FOR DETERMINING SITE ELIGIBILITY--ESPECIALLY IN URBAN AREAS.

SUCH A CHANGE MAY ALLEVIATE SOME OF THE DIFFICULTY WITH THE PRESENT CRITERIA. AS WE INDICATED EARLIER, HOWEVER, THERE HAS BEEN A RAPID GROWTH IN THIS PROGRAM. YET, UNDER THE 1/3 CRITERIA, MORE THAN HALF OF THE CHILDREN PARTICIPATING IN SOME AREAS CAN BE FROM NON-NEEDY FAMILIES AND NOT BE CHARGED FOR THE MEALS RECEIVED. THE CONGRESS COULD INCREASE THE 1/3 REQUIREMENT, BUT THIS SHOULD BE CONSIDERED WITH CARE SINCE ANY INCREASE COULD ELIMINATE NEEDY CHILDREN FROM THE PROGRAM. ANOTHER APPROACH WOULD BE TO REPLACE THE AREA ELIGIBILITY CONCEPT WITH ELIGIBILITY BASED ON THE NEEDS OF THE INDIVIDUAL PARTICIPANTS, AS IS REQUIRED IN THE SCHOOL LUNCH AND BREAKFAST PROGRAMS.

MEAL SERVICE

THE CURRENT LEGISLATION STATES THAT "NO SERVICE INSTITUTION SHALL BE PROHIBITED FROM SERVING BREAKFASTS, SUPPERS AND MEAL SUPPLEMENTS AS WELL AS LUNCHES UNLESS THE SERVICE PERIOD OF DIFFERENT MEALS COINCIDES OR OVERLAPS."

IN 1976 THE FOUR STATES WE REVIEWED ROUTINELY APPROVED THE NUMBER OF FOOD SERVICES--UP TO FIVE A DAY--DESIRED BY THE SPONSORS BECAUSE APPROVAL APPEARED MANDATORY. SPONSORS COMPETED FOR CHILDREN BY OFFERING TO SERVE MORE MEALS THAN OTHER SPONSORS, FOOD WAS WASTED BECAUSE OF INADEQUATE STORAGE FACILITIES AND BECAUSE TOO MUCH FOOD WAS BEING PUSHED AT THE CHILDREN, AND COSTS SPIRALED.

IT IS OUR UNDERSTANDING THAT THE SUMMER FEEDING PROGRAM WAS ORIGINALLY INTENDED TO SERVE AS A VACATION SUBSTITUTE FOR THE SCHOOL FEEDING PROGRAMS AVAILABLE TO NEEDY CHILDREN DURING THE SCHOOL YEAR. SEVERAL STATE AND SERVICE OFFICIALS NOTED THAT IT SEEMED INCONSISTENT FOR A CHILD TO RECEIVE UP TO FIVE MEALS A DAY UNDER THE SUMMER PROGRAM WHILE UNDER THE SCHOOL FEEDING PROGRAMS THE CHILD WOULD RECEIVE, AT A MAXIMUM, LUNCH, BREAKFAST, AND EXTRA MILK. SOME STATE OFFICIALS ALSO NOTED THAT FIVE FOOD SERVICES IN ONE DAY ARE TOO MANY FOR MOST CHILDREN.

IN VIEW OF THE PROGRAM'S OBJECTIVES AND OPERATING PROBLEMS, THE CONGRESS MAY WANT TO LIMIT MEAL SERVICES UNDER THE PROGRAM TO LUNCH AND BREAKFAST, EXCEPT IN THE CASE OF RESIDENTIAL CAMPS WHERE THE NEEDY CHILD CANNOT GO HOME FOR SUPPER AND FUNDS FROM OTHER SOURCES ARE NOT AVAILABLE TO PAY FOR THE MEAL.

STATE ADMINISTRATIVE EXPENSES

THE CURRENT LAW PROVIDES THAT STATE COSTS FOR ADMINISTERING THE SUMMER FOOD SERVICE PROGRAM WILL BE REIMBURSED UP TO 2 PERCENT OF PROGRAM COSTS IN EACH STATE EACH YEAR. STATE OFFICIALS HAVE COMPLAINED THAT THIS PROVISION MAKES IT VERY DIFFICULT FOR THEM TO PLAN AND BUDGET THEIR ACTIVITIES BECAUSE THEY DON'T KNOW HOW MUCH IN ADMINISTRATIVE FUNDS THEY WILL BE ENTITLED TO UNTIL AFTER THE PROGRAM IS OVER EACH YEAR AND THE MONEY HAS ALREADY BEEN SPENT.

MOST STATES ARE SHORT OF FUNDS AND SOME ARE NOT WILLING TO RISK HAVING TO FINANCE PART OF THE ADMINISTRATIVE COST OF THE SUMMER FOOD SERVICE PROGRAM WITH STATE FUNDS. CONSEQUENTLY, SOME HAVE BEEN VERY CAUTIOUS IN SPENDING MONEY ON THE ADMINISTRATION OF THIS PROGRAM. THE END RESULT WAS THAT SOME STATES HAVE NOT BEEN SPENDING ALL OF THE ADMINISTRATIVE FUNDS THAT ULTIMATELY WOULD HAVE BEEN AVAILABLE TO THEM UNDER THE LAW. FOR EXAMPLE, ONE STATE INCLUDED IN OUR

REVIEW SPENT THE EQUIVALENT OF 0.2 PERCENT OF TOTAL PROGRAM COSTS (CURRENT ESTIMATE). ON THE OTHER HAND, ANOTHER STATE APPEARS TO HAVE EXCEEDED THE 2 PERCENT LIMIT BECAUSE IT OVERESTIMATED PROGRAM COSTS.

WE BELIEVE THAT ANY ARRANGEMENT FOR REIMBURSING STATE ADMINISTRATIVE COSTS WHICH PREVENTS STATES FROM KNOWING IN ADVANCE HOW MUCH THEY CAN SPEND FOR ADMINISTRATION HAS SERIOUS DRAWBACKS. WE SUGGEST THAT THE SERVICE BE GIVEN AUTHORITY TO NEGOTIATE WITH THE STATES, BASED ON STATE-PREPARED BUDGETS AND PLANS, TO DETERMINE A MAXIMUM AMOUNT UP TO WHICH A STATE'S ACTUAL COSTS COULD BE REIMBURSED. IF THE CONGRESS DETERMINES THAT A LEGISLATIVE MAXIMUM IS NECESSARY ON THE AMOUNT OF ADMINISTRATIVE FUNDS ANY STATE MAY RECEIVE, THE MAXIMUM SHOULD BE DETERMINABLE WELL IN ADVANCE OF THE TIME THE STATES MUST ESTABLISH THEIR BUDGETS.

SPONSOR ADMINISTRATIVE COSTS

SPONSORS ARE REIMBURSED FOR THEIR ACTUAL ALLOWABLE ADMINISTRATIVE COSTS SUBJECT TO A CEILING BASED ON A LEGISLATIVELY SPECIFIED AMOUNT PER MEAL FOR EACH TYPE OF MEAL OR FOOD SERVICE. THIS PROVISION HAS CREATED AN INCENTIVE FOR WASTE AND POSSIBLE CHEATING. IF SPONSORS INCREASE THE NUMBER OF MEALS THEY REPORT AS SERVED, THE MAXIMUM AMOUNT OF ADMINISTRATIVE FUNDS THEY MAY RECEIVE WILL ALSO BE INCREASED.

WE SUGGEST THAT THE CONGRESS REQUIRE THAT THE MAXIMUM REIMBURSEMENT OF EACH SPONSOR'S ADMINISTRATIVE COSTS BE BASED ON A PROGRAM-RELATED BUDGET APPROVED BY THE STATE AS A CEILING. EACH STATE SHOULD BE REQUIRED TO ESTABLISH GUIDELINES--WHICH SHOULD BE SUBJECT TO SERVICE APPROVAL--FOR THE SIZE AND SALARY OF SPONSORS' STAFFS, AS WELL AS OTHER ADMINISTRATIVE COSTS, BASED ON THE NUMBER OF SITES EACH SPONSOR IS HANDLING.

ADVANCE PAYMENTS TO SPONSORS

SECTION 13(d) REQUIRES THAT THE SERVICE MAKE ADVANCE PAYMENTS TO EACH STATE

BY JUNE 1, JULY 1 AND AUGUST 1 EACH YEAR TO BE USED BY THE STATES FOR MAKING ADVANCE PAYMENTS TO SPONSORS. THE PAYMENTS ARE TO BE THE GREATER OF (1) THE AMOUNT EARNED IN THE SAME MONTH THE YEAR BEFORE OR (2) 65 PERCENT OF THE AMOUNT EXPECTED TO BE EARNED DURING THE MONTH. THE LAW HAS BEEN INTERPRETED AS REQUIRING THAT STATES PASS ON THE ADVANCE FUNDS TO EACH SPONSOR IN THE SAME AMOUNT AS WAS PROVIDED TO THE STATE.

ADVANCE PAYMENTS LARGER THAN A SPONSOR'S CASH NEEDS OR HIS ELIGIBLE CLAIMS FOR REIMBURSEMENT HAVE RESULTED IN SOME CASES FROM THIS PROVISION BECAUSE OF SPONSOR OVERESTIMATES OF PROGRAM SIZE. WE SUGGEST THAT STATE AGENCIES BE GIVEN FLEXIBILITY TO MAKE ADVANCE PAYMENTS TO SPONSORS BASED ON STATES' DETERMINATIONS OF ACTUAL NEED.

PROGRAM REGULATIONS

THE DEPARTMENT IS REQUIRED TO PUBLISH FINAL PROGRAM REGULATIONS, GUIDELINES, APPLICATIONS, AND HANDBOOKS BY MARCH 1 OF EACH FISCAL YEAR. STATE OFFICIALS HAVE DESCRIBED THIS DATE AS BEING TOO LATE FOR ORDERLY IMPLEMENTATION OF THE PROGRAM AND AS BEING A CONTRIBUTING CAUSE FOR THE PROBLEMS AFFECTING THE 1976 SUMMER PROGRAM. TO GIVE STATES AND SPONSORS MORE PLANNING TIME, WE SUGGEST THAT THE DEPARTMENT BE REQUIRED TO PUBLISH FINAL REGULATIONS BY JANUARY 1.

LIMIT PROGRAM SPONSORSHIP

THE SUMMER FOOD SERVICE PROGRAM IS DESIGNED TO CONTINUE INTO THE SUMMER BENEFITS OF THE SCHOOL FEEDING PROGRAMS AVAILABLE AT SCHOOLS DURING SCHOOL MONTHS. SCHOOLS AND PUBLIC AGENCIES SUCH AS LOCAL PARKS AND RECREATION DEPARTMENTS MAY BE IN THE BEST POSITION TO PROVIDE THE

SERVICES THE CONGRESS IS SEEKING WITHOUT THE WIDESPREAD ABUSES THAT SEEM, IN MANY CASES, TO BE MOTIVATED BY OPPORTUNITIES FOR ECONOMIC GAIN.

THE VARIOUS CHANGES IN REGULATIONS AND LAW DISCUSSED IN THIS STATEMENT ARE BASED ON THE CONCEPT OF HAVING PRIVATE SPONSORS CONTINUE TO OPERATE THE PROGRAM AND ADDRESS THE PROBLEMS WHICH HAVE ARISEN WITH THESE SPONSORS. MOST OF THESE CHANGES WOULD BE UNNECESSARY IF PROGRAM SPONSORS WERE LIMITED TO SCHOOLS PARTICIPATING IN THE SCHOOL LUNCH PROGRAM, RESIDENTIAL CAMPS FOR NEEDY CHILDREN, AND PUBLIC AGENCIES.

WHILE MOST FEDERAL AND STATE OFFICIALS WE TALKED WITH SAID THAT THIS WOULD BE A DESIRABLE APPROACH, THEY CAUTIONED THAT KEEPING THE SCHOOLS OPEN DURING THE SUMMER WOULD INVOLVE SIGNIFICANT ADDITIONAL EXPENSES BEYOND WHAT IS CURRENTLY REIMBURSABLE UNDER THE LAW. ALSO, THERE MAY BE OTHER PROBLEMS IN SOME LOCALITIES NOT ACCUSTOMED TO KEEPING SCHOOLS OPEN ALL YEAR.

SUCH A CHANGE WOULD REQUIRE THAT THE SCHOOLS OR OTHER ORGANIZATIONS BE REIMBURSED FOR THEIR COSTS; HOWEVER, THERE ARE ADVANTAGES TO SUCH AN APPROACH AND THE CONGRESS MAY WISH TO CONSIDER THIS ALTERNATIVE IN REVISING PROGRAM LEGISLATION.

FUTURE REVIEW EFFORTS

OUR OFFICE PLANS TO MONITOR THE 1977 SUMMER FEEDING PROGRAM. THIS WILL INCLUDE A LOOK AT THE PRE-FEEDING ACTIVITIES CARRIED OUT BY THE DEPARTMENT, ITS REGIONAL OFFICES, AND THE STATES. WE WILL INQUIRE INTO

--THE GUIDANCE PROVIDED TO THE STATES AND SPONSORS IN IMPLEMENTING THE NEW REGULATIONS,

--THE HIRING AND TRAINING OF STAFF BY STATES, AND

--THE PROCESS USED IN SPONSOR AND SITE SELECTION.

THE PURPOSE OF THIS EFFORT WILL BE TO DETERMINE WHETHER ADMINISTRATIVE CHANGES ARE EFFECTIVE IN CORRECTING PAST ABUSES AND WHETHER A NEED EXISTS FOR FURTHER ADMINISTRATIVE OR LEGISLATIVE CHANGES.

THIS CONCLUDES MY STATEMENT, MR. CHAIRMAN. WE WILL BE GLAD TO RESPOND TO ANY QUESTIONS YOU MAY HAVE.

Mr. Eschwege. I will simply summarize my statement, then.

As you have already mentioned, we have been making a review of the summer feeding program at your request. As you know, the program has increased from 2.4 million children at a cost of $65 million in 1975, to 3.7 million children and a cost of $169 million in 1976.

There have been many reported abuses, some of which you and Mr. Quie have already referred to. There has been food waste, inadequate storage facilities, and deliberate food dumping. The food did not meet the nutritional standards. There were indications of kickbacks and bribes to sponsors from vendor-suppliers of the meals.

Most of these abuses involved private organizations and not public agencies. Our efforts were directed to improving the administration for the upcoming 1977 program, and to suggesting to the Congress possible legislative changes.

The Department adopted some of our suggested administrative improvements. We believe, however, that additional improvements in administration are needed. In our statement we highlight some of the additional administrative changes which we believe would minimize these abuses.

For example, we feel that more criteria is needed for terminating unsatisfactory sponsors. There is some termination criteria, but it is only for noncompliance with procurement procedures.

Also, when termination occurs, there ought to be plans to continue to feed children affected. There is no clear-cut definition of what is an acceptable site. The State should visit all sites prior to their approval, and should not approve the cluster-competing sites.

What happened is that two sites have opened up in the immediate, same proximity, and they are competing for the children to serve them the various meals.

Also criteria is needed for terminating unsatisfactory sites. If they need to be terminated, then we need to have alternate feeding sites, and some consideration must be given to that.

Chairman Perkins. Let me interrupt you.

Will you prepare us some language that would take care of these situations, and eliminate this fraud. Can you submit that to us for consideration?

Mr. Eschwege. We certainly will try. As I go along, I will be suggesting some legislative action.

Chairman Perkins. The language that you submitted to us on the poverty legislation years ago, helped us clean up the program. We are calling upon you here to do the same thing.

Mr. Quie. Mr. Chairman, could I also make a request.

For years, I felt that the summer feeding program ought to be handled by the schools. There has always been objection because the schools do not want to be opened. Those buildings are there, and there ought to be some local pressure for the schools to continue to do it.

I would look at that as a hard-hearted way to approach the situation on the part of the schools. I would like to see that some of the people who are running the school lunch program through the school year, be the only ones permitted to run the summer feeding program. If they refuse to do it, then the children would have to do without, and the public pressure can be brought to bear on the school boards.

Chairman **Perkins**. Would this be public or private schools?

Mr. **Quie**. As we know, there are school buildings all over. I would like to have you take a look at that, and what kind of difficulty that would cause, if we made that requirement.

Mr. **Zeferetti**. Mr. Chairman, one of the ideas that we heard on Monday, and we had some preliminary hearings in my district on Monday, is that the community groups felt that the children themselves do not go into the schools in the summertime. They hardly go into them in the wintertime, in some areas.

In the summertime, they shy away. The community groups that came before us felt that if they, in turn, had some input on the community level, they would make sure that the children—that the intent of the legislation, anyway, was fulfilled.

They found schools not an area for accommodating the children. They felt that on the community level, they could do a better job.

Mr. **Quie**. I recognize that as the case. But I think that it would be helpful if the students could go into the schools. It would be just beneficial to them. They might have a different attitude toward school. I think that it would only be helpful, and not abusive.

Mr. **Zeferetti**. I go along with that. I thought that possibly they could have some recreational programs in the schools at the same time because of the high cost of keeping the schools open. Once they open up the schools for the program, then they might have access for recreation, and something else on a volunteer basis.

Mr. **Eschwege**. Mr. Quie and Mr. Zeferetti, our statement deals with this point, and I will get to it in a moment.

Mr. **Weiss**. As Mr. Zeferetti indicates, I am also from New York City. In some of our areas we have some very serious funding problems. There are no recreation programs or any other kind of programs for the children going on in any of our school buildings. It may well be that the cost of keeping the school building may end up to be higher, or greater than the cost of the school lunch program.

So if, in fact, we are going to mandate that kind of condition, we also had better mandate the financing of keeping the schools open. All we have done is take away the opportunity of the kids who get food.

Mr. **Quie**. I will have to check into what the schools are talking about when they talk about keeping the schools open for the purpose of the program, or if they are talking about the whole program.

Usually the cafeteria is close enough to the doors so they can have just that part of the school open. Or, as Mr. Zeferetti indicated, the gymnasium is available. You don't have all the heating costs in the summertime. We are talking about the summertime when the costs are down. I know there are janitorial costs.

What the schools have tended to do through the years is hit you with the costs. In higher education, we finally went to a study in which John Brademas and John Erlenborn were members, in order to find out what those costs really are.

Mr. **Weiss**. Unhappily the basic premise that you propound may be quite right. Unhappily, however, we are in a situation where Boy Scout and Girl Scout groups, for example, are not able to use school buildings at night because the cost of using the school is $150 per night. Again, they are not using the whole building. All they want is the auditorium, for example.

So it is a very complex problem in some of our areas.

Chairman PERKINS. Let me make this observation. Of course, we have certain other problems in connection with utilizing buildings, maybe janitorial unions, and things of that kind.

The school buildings are not being utilized in this country to the extent that they should be utilized, both private and public. The tax payers and private citizens have their money in these buildings, and they should be utilized, as far as I am concerned, for the welfare of everybody, even adults, around the clock.

We have tried, on this committee, to develop community education programs and we have successfully done that. But the educators throughout the country, and the local school agencies have begun to feel that they no longer have a monopoly on that school building for 9 or 10 months out of the year.

Something should be done, to make sure that everybody has access to those buildings.

Those buildings belong to the general public, and they should have access to them.

Mr. Eschwege, please continue.

Mr. ESCHWEGE. Further in the administrative procedures, we suggest further strengthening of bidding activities to require sponsors to publicly solicit bidders and accept the lowest bid, unless another bid is more beneficial to the program.

States, prior to contract awards, need to evaluate prospective vendors as to potential conflict of interest and prior performance in child nutrition programs. Also, they need to inspect the vendors' facilities. All sponsor-vendor contract awards for sponsors entering contracts totaling more than $100,000 should be subject to State approval.

There should be permanent, year-around State staff for the programs over $5 million. These are the bigger programs.

The States should also be required to visit all sites during the first 4 weeks of operations and to concentrate subsequent State monitoring on sites found to have serious deficiencies. We also propose that the State program plan include information on the frequency of visits to be made to feeding sites and vendors, and the scope of State monitoring.

There is a provision for sponsor self-monitoring, but it has not worked too well. Consequently, we support expanded State monitoring of program operations.

Sponsor recordkeeping should include rosters of enrolled children in support of meals served.

Finally, public agencies should have top priority in the criteria for determining sponsor eligibility.

Now we come to the legislative proposals in our statement. We have several for your consideration. Congress should make it clear that the law does not require mandatory approval of every service institution that applies. The wording in the law has been interpreted by States as requiring them to accept every service institution that applies for the program.

The current criteria is that at least one-third of the children in the area must be needy. It is difficult to apply this to some of the residential camps, for instance. Also, the one-third requirement is difficult to document with respect to urban areas. We suggest that you might use census tract data as a primary criterion.

The one-third criteria also allows many non-needy children to get free meals. The Congress has several options on this. It could increase the one-third criteria, but we hasten to add that this would remove some needy children from eligibility. It could also go to the individual eligibility system, like in the school lunch program. If that were done, eligibility for summer feeding could be established primarily through the schools.

Another proposal would be with respect to sponsors. Allowing sponsors to serve five meals a day results in competition through offering of more meals, and wasted food because of storage problems, pushing too much food at the children, and spiraling costs.

We believe the program should operate as an extension of the school feeding programs, and serve breakfast, lunch, and perhaps milk or snacks. Residential camps could be an exception, so that they might also serve supper meals.

The 2 percent limitation on State administrative costs should be eliminated. These costs should be based on State prepared budgets, approved by the Food and Nutrition Service, possibly with legislative ceilings determinable in advance. These could fall far short of the 2 percent, or could exceed it. We have examples of that.

Sponsor administrative costs should not be related to legislative ceilings of various amounts for the different types of meals. This can lead to waste. Those costs should be based on program related budgets prepared by sponsors and approved by States.

Advances to sponsors by States need not be in the same proportion as amounts advanced by the Food and Nutrition Service to States for subsequent advance to sponsors. The law has been so interpreted.

The States should make advances based on State determinations of what the sponsor actually needs.

Program regulations should be issued by the Food and Nutrition Service by January 1. Now they are required to be issued by March 1. We believe that the States need this extra time to do adequate planning.

Finally, we come to the proposal that has been discussed here this morning. Most program abuses relate to private sponsors. Also the summer feeding program is viewed as an extension of the school feeding programs.

Schools and public agencies such as local parks may be best suited to be the program sponsors. Most of the administrative regulations discussed here would not be necessary if sponsorship were limited to such organizations.

In other words, we might save some money if these institutions were used because they have generally a better record of performance. Officials believe this would be a good approach but they do point out that the administrative costs of the institutions would increase, and some problems would have to be solved.

Still, we believe the Congress should seriously consider this alternative of utilizing public agencies and local parks in preference to private institutions.

In conclusion, Mr. Chairman, our work is continuing in this area. We will be monitoring the 1977 summer feeding program to see, among other things, how the new regulations are applied, looking at the hiring and training of staff, and the process used in sponsor and site selection.

This is a brief summary of our statement, and we will be glad to answer any questions and elaborate further on our statement.

Chairman PERKINS. Thank you.

Do I understand your basic recommendation to be that public agencies, especially school districts, be made the local sponsors. Then, on top of that, what role do you see for private, nonprofit agencies. Take both questions together, if you don't mind.

Mr. ESCHWEGE. As we see it, we should utilize the schools, but not just the public schools. As you know these lunches are also being given in the private schools. I think that you would have to continue to serve these in both places.

However, there are additional facilities that are needed, like local parks. Summer camps are a special exception. We think there the service would have to be continued. But these other private organizations that are established primarily for the purpose of serving these meals, rather than for year-round service for the children and schools, we think should be largely eliminated.

Chairman PERKINS. You have mentioned the tremendous growth of the program during the past year. It has been suspected that much of the growth, from the standpoint of spending dollars, was attributable to the fraud in connection with the administration of the program.

Would you repeat those figures and give us your best explanation of the great increase in cost?

Mr. ESCHWEGE. The figure that I mentioned is the 1975 figure. Mr. Sargol would like to answer that one.

Mr. SARGOL. When the program started in 1971, we had about $29 million involved in it. It shot up last year, 1976, and it was about $169 million. The program is apparently becoming very attractive to a lot of people, and the number of children being served is increasing. The number of sites is increasing. The number of sponsors is increasing.

At the rate it is going, you can conceivably see down the road where this program may be approaching close to $1 billion partly because nonneedy children as well as needy children are being fed.

Chairman PERKINS. You are telling us that if we leave the program the way it is, it is going to cost $1 billion in a couple of years, because of fraud?

Mr. SARGOL. Because of fraud, and because of the attraction of the program for a lot of people. A lot of people find it economically beneficial to get into this program. So there are considerably more sponsors in 1976 than there were in 1975.

Mr. ESCHWEGE. There is another situation. Initially, you did not have five meals. Now the program can serve up to five meals. So it is not only a matter of additional children, but a matter of additional children, but a matter of additional meals that are being served.

Chairman PERKINS. The present law provides that sponsors may serve areas with one-third poor children in them, and you told us some of the problems with that.

What alternative do you suggest where we have one-third poor children in an area, and we require that those areas be served?

Mr. ESCHWEGE. We are saying that we could go to an individual eligibility system like we have in the school lunch program. If you decided to go primarily with extending the school lunch program in the schools for the summer, you might not need to do very much in this area, because you could sign up these children during the school years to continue on in the summer feeding program at the same place where they are.

Chairman PERKINS. One final question. Getting back to these five meals a day. Could you explain to us how five meals a day can be served by a sponsor, and how the vendors deliver these meals to sponsors?

Mr. ESCHWEGE. There is but one meal delivery a day. This is one of the reasons storage facilities are so important Mr. Sargol. To serve five meals a day, you have got to serve breakfast at 6 o'clock in the morning. There are certain criteria in the regulations that require, for example, that supper not be served any later than 6 o'clock.

Working back from these numbers, let me give you a typical example of the five meal setup. Breakfast from 6 to 7 o'clock in the morning. Supplements from 9 to 10 o'clock in the morning. Lunch from 12 to 2 o'clock. Supplements from 2 to 4 o'clock in the afternoon. Supper 6 to 8 o'clock.

So you are talking about having children there from 6 o'clock in the morning to possibly 8 o'clock at night. I don't know if the kids are going to be getting up at 6 o'clock in the morning to go and have breakfast on the road.

Chairman PERKINS. Mr. Buchanan, do you have any questions?

Mr. BUCHANAN. Thank you, Mr. Chairman.

Chairman PERKINS. Before I call on Mr. Buchanan, you are going to furnish us language that you feel will be helping us to improve this program.

Mr. ESCHWEGE. Yes, sir, we can do that.

Chairman PERKINS. All right, Mr. Buchanan.

Mr. BUCHANAN. You indicate that you concentrated on programs operated in New York City, Los Angeles, Philadelphia, and Baltimore, and related State agencies.

I believe that in Baltimore the school system does have responsibility for the program, although they use some private groups.

Mr. ESCHWEGE. The mayor's office operates it.

Mr. BUCHANAN. Did you find many distinctions between that case and other cases where such local responsibility was not there?

Mr. ESCHWEGE. Baltimore we found to have a very good program. It is operated out of the mayor's office through the parks department, who acts as the primary sponsor. Then they have subsponsors which are private outfits that act as subcontractors to them.

They operate a very tight ship. They serve one meal a day, lunch. They run an excellent program.

Mr. **Buchanan**. In those cases where you need something beyond the schools, the park board is also a public agency. The parks are public entities. Could you not have an arrangement where you would use that public entity?

Mr. **Eschwege**. Yes, sir, you could. In our proposal, we say that you should use schools primarily, but we recognize that there are other public agencies that are going to be involved in it, because of the summer recreational activities, and because of the summer camps.

So, all we are really saying is, the experience based on our review has been much better with the governmental, public organizations than it has been with the private institutions.

Mr. **Buchanan**. Where you have a local entity, like the mayor's office or the school system assuming the responsibility, can it not work so long as they assume that responsibility? They are doing tight monitoring of these private agencies, as I understand it, in Baltimore. Could it not work under public supervision at the local level?

Mr. **Eschwege**. That is what they are doing in Baltimore. They do have private organizations which are subcontractors that operate individual sites. But they are responsible directly to the mayor's office, and to the Park department, and they are very tightly controlled.

Mr. **Buchanan**. Under those circumstances, don't the private entities—can't that work to include them such as in Baltimore?

Mr. **Sargol**. Except that it is the responsibility of the park department or the mayor's office.

Mr. **Buchanan**. Did you have further comment?

Mr. **Eschwege**. I would simply say that it could work in certain situations, but you would need good monitoring on the part of the public agency.

Now, we have an alternative here. We are saying, one way to get at the problem, at least in some measure, is to increase the monitoring of the program. We think that probably a better way would be to go primarily with schools and public agencies because you save yourself some of the cost of the monitoring.

We recognize that there may be some additional costs in the schools, as the Congressman pointed out, in keeping some of them open in the summertime. Some are open anyhow, but some are not.

Mr. **Buchanan**. I represent an urban area, so it is not a provincial concern with me. But is it not true that the lion's share of this program exists in major urban areas; are we reaching small towns or areas other than urban areas, or did you look at that?

Mr. **Sargol**. The four cities that we looked at were in the four States that had 45 percent of the program.

Mr. **Buchanan**. Thank you very much, Mr. Chairman.

Chairman **Perkins**. Mr. Simon.

Mr. **Simon**. On page 5 of your statement, you have a sentence that I find very interesting and disconcerting, and that says:

> States have previously had authority to terminate sponsors for cause or convenience; however, we found no instances where sponsors were terminated during 1976 although serious problems in sponsor operations were disclosed.

Did the States give you any justification for not moving?

Mr. **Sargol**. They just did not think that they had the kind of authority and the kind of guidelines as to what to do in those cases. So they just kept them on.

Mr. Eschwege. I think that one of the problems is that you do want to feed the children. One of the things that we point out is that the States need to have some contingency plans as to what happens if they have to terminate a sponsor. They should be thinking "Can we somehow take over the program so that the children can continue to get the food."

Mr. Simon. Do you have any observations on the use of commodities, or commodities versus cash in this summer feeding program?

Mr. Sargol. There are very little commodities being used. They are used in places where the organizations plan their own meals and serve them. We have found very little of it. Most of it is contracted out to food vendors.

Mr. Eschwege. Of the $169 million of estimated program costs, there was only about $5 million worth of commodities used.

Mr. Simon. Is this because, in some cases, refrigeration problems?

Why do we use so much more in the way of commodities in our regular school feeding programs, and why does it diminish so much in the summer feeding program?

Mr. Sargol. Because the food has to be prepared. You have to cook it and put it together into a meal. Most of the sponsors that are operating summer feeding programs do not have those kinds of facilities.

Mr. Simon. Mr. Zeferetti?

Mr. Zeferetti. Thank you, Mr. Chairman.

One of the things that the law provides, and I am reading from Public Law 94–105, any services to institutions shall receive the summer feeding program upon its request. I notice that on page 4, you talk a little bit about the application. Do you have any specific recommendations that you could make whereby we could tighten up the application process, where we could identify the sponsor, and whether or not they would be effective in providing a beneficial program?

Mr. Sargol. In the first place, I think that particular part of the law ought to be taken out, because it has been misinterpreted by almost everybody.

The agency does have criteria now in sponsor selection. They have the rank order priority as to who should get top priority if there are two sponsors vying for the same location.

We disagree with who they have at the top. They have sponsors with a single site to be the top priority, which could be private sponsors. We think that the top priority should be public sponsors.

Mr. Zeferetti. Do they go into the background of these people; who they are, and whether they are dependable?

Mr. Sargol. The States are supposed to evaluate the sponsors' applications, and give consideration to these kinds of things.

Mr. Zeferetti. One of the things that we found out on Monday, too, was that there is a tremendous amount of money being spent on this program in New York City, and that the margins of profit were extraordinary.

I think we also have in the law a provision that says that there will be 6 cents reimbursed for administrative costs for each lunch and supper served. Perhaps we should separate this administrative cost from the rest of the program in order to alleviate the tremendous waste of food and provide for better utilization.

Mr. Eschwege. Mr. Zeferetti, this is our recommendation, too. I think that it is a very valid point. If you tie the administrative allowance to the meal, you leave it wide open for people to serve more meals and waste more food than these kids could really consume.

We would not be surprised if a lot of that had happened in the past. It is one of the big problems in this program.

Mr. Zeferetti. One other point, regarding the site selection; is there an onsite inspection? Is freshness of food, cleanliness, the dispensing of the food, or is it just an application approved without any visit by anybody?

Mr. Sargol. There have not been visits to all sites in the past. The sponsors are required to describe the sites, what kind of facilities they have. There is always a tendency to kind of put these things in the best light.

We know for a fact that there were many sites that were not good sites. We believe that before the particular site is approved, the sponsor ought to visit that site to see if it is adequate to feed children.

Mr. Zeferetti. What is your opinion on making it tougher for somebody to apply?

Mr. Sargol. It would be well for there to be a good definition as to what is an acceptable site, and that has never been set out. The agency did not have that in the regulation, and we think that it is very important.

It may preclude some people from proposing a particular site for the program. It could eliminate a lot of that kind of thing.

Mr Zeferetti. Are you then advocating the use of the school system for the disbursing of the program itself.

Mr. Eschwege. To the extend that it is possible; yes. But there are some exceptions like the summer camps, and recreational facilities.

Mr. Zeferetti. Thank you, Mr. Chairman.

Mr. Simon. Mr. Le Fante.

Mr. Le Fante. Thank you, Mr. Chairman.

Gentlemen, I just have one question. At previous hearings on this program, we have been told by some of those involved that the State administrative expense allotment is not high enough. Do you agree with that?

Mr. Eschwege. We tend to agree that in some areas, it is not high enough. Possibly a State like New York, in fact, we understand that they have gone over the 2-percent limit right now.

Mr. Sargol. We are proposing a different kind of standard in terms of getting the State to budget for the administrative costs. The Food and Nutrition Service would have the State tell it how many people they need to monitor it, and what they plan to do with the money, and then include that amount in the budget.

Now, the Congress may see fit to put an upper limit on it, somehow. We think that the budgeting route is a better way than to give——

Mr. Le Fante. In other words, you are saying that the administrative costs should be submitted as a line item within the budget.

Mr. Sargol. That is correct.

Mr. Le Fante. That would be for monitoring and policing the program.

Mr. Sargol. Yes, it would.

Mr. Le Fante. I think that it is where most of the problem is in New York and in New Jersey. It must be policed.

Mr. Sargol. The difficulty with the 2 percent is knowing how much money that represents to the State, because you don't know what the costs of the program are going to be ahead of time.

Right now in the State of New York, they do not have hard figures as to what the total 1976 program costs are going to be. They are having difficulty actually predicting what the administrative costs for New York are going to be.

You have to be able to know ahead of time how much money you are going to need, and how much money you are going to get.

Mr. Le Fante. Do you think if we did devise a system such as you are suggesting, or at least as close as we possibly can get to being accurate, that this would alleviate some of New York's problems?

Mr. Eschwege. It would probably require, overall, some more administrative expense. But in terms of program costs, that is the actual lunches and dinners, and breakfasts served, you might save yourself more than the amount it costs to monitor it adequately, or police it adequately.

Mr. Le Fante. The summer feeding program has an administrative expense limit of 2 percent. What is the difference between administrative expense allocations for the summer feeding program and the school lunch program?

Mr. Sargol. The school lunch program is based on a very complex formula. Administrative costs are based, in part, on the number of children getting free and reduced price meals. I have a paper here that has quite a complicated set up. It is strictly a 2-percent deal on the summer feeding program. It is separate from the rest of the child feeding programs.

Also, as I understand it, the school lunch program is not 100-percent federally funded and the administrative costs are not 100 percent federally funded.

Mr. Le Fante. In many cases it would exceed what is allotted at the Federal level, even though they are responsible at the State level.

In many cases, gentlemen, we find ourselves in quite a dilemma. It is almost getting to the point of sounding like a broken record. The intention of the legislation was one thing, but by the time the controls, and the guidelines, and regulations are written and implemented, it is an altogether different program, and you would not recognize it.

You agree that there should be more emphasis put on controls and regulations.

Mr. Eschwege. Yes. If you continue with the present system of involving the private agencies, to a large extent, and this is where, as you know, the irregularities are found, then we do believe that you need additional administrative regulations.

You have the option, however, of going primarily with the public agencies. Then, I believe, that part of the cost would be less.

Mr. Le Fante. Thank you. That is all the questions I have, Mr. Chairman.

Mr. Simon. If I could interject my own feeling in response to the question Mr. Le Fante asked.

I would personally be much more sympathetic to more administrative costs to the States, if I saw the States really stopping some of these abuses. I think that the two have to go hand in hand.

We cannot expect more administrative money unless there is a halting of these abuses.

Mr. Weiss?

Mr. **Weiss**. Do you have comparative figures as to the cost of the individual lunches in the various locations, either at the sponsor level or the vendor level?

Mr. **Eschwege**. There is a legal limitation.

Mr. **Weiss**. The actual cost.

Mr. **Eschwege**. I don't believe that we have that. We don't have that, sir. In some of the cases that we have looked at, it has come very close to the limit. It is right at it, usually.

Mr. **Weiss**. Regardless of where the location is?

Mr. **Eschwege**. There is a bidding procedure, but it has not worked that well. In some cases there has only been one bid.

Mr. **Weiss**. In coming up with the recommendation that the schools ought to be the prime sites for the distribution of the food, did you take into consideration the caliber of the year-round food program that a particular school system may have?

Mr. **Eschwege**. Sir, we have looked at the school lunch program several times. We are looking at it now again. There are some problems with it, too. But at least you are not getting into some of the gross abuses, at least we have not found them, that you are talking about in the summer feeding program.

Mr. **Weiss**. You may not be getting into the gross abuses as far as the outright fraud and criminal behavior. But it might be worthwhile, would you not think, to check out what the attitude is of the children who receive the food from those distribution centers before we again place upon them the responsibility of distributing the food in the summer feeding program.

For example, if you were to find that, in a particular school system, 50 percent of the children get the food and immediately go and throw it away in the garbage can, would you not think that this was relevant as to whether, in fact, that particular site ought to be used for distribution of the food? Should the responsibility be given to the same people to do it?

Mr. **Eschwege**. This is a problem that is happening in the summer feeding program as well as the school lunch program. This gets into the type of meal you serve, of course. Then you are right, and this is a concern.

Mr. **Weiss**. In other words, it seems to me that what we ought to be concerned about is the sense of responsibility both in response to the sponsor and the distributor, and the caliber of the food which they serve, rather than just the site and the location.

Mr. **Eschwege**. I think that both are important. We tend to feel that schools, by and large, have better facilities, especially in the big cities, than some of these private organizations. Administratively, I think that it would be easier, because the summer feeding program could be used as sort of an extension to the school lunch program. We have already enrolled these children in the School Lunch Program. You would simply ask them: "Do you want to continue in the summer." So you save yourself some administrative costs there.

Mr. Weiss. I am not sure that you do. I am not sure whether, in fact, it is not good to have a sound and solid chain of responsibility in the locality up to the State government, rather than having the decisionmaking process imposed from Washington as to who is going to be distributing.

Thank you, Mr. Chairman. I have no further questions.

Mr. Simon. Thank you very much, gentlemen. We appreciate your testimony.

We are pleased to welcome as our next witness, my colleague on the Budget Committee, and one of the distinguished members of this body, Representative Elizabeth Holtzman.

STATEMENT OF HON. ELIZABETH HOLTZMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Ms. Holtzman. Thank you very much, Mr. Chairman, and members of the committee, for allowing me to testify this morning.

If I may, I would like to submit my statement for the record.

Mr. Simon. It will be entered in the record. If you could, perhaps, try to summarize some of the major points.

[Statement referred to follows:]

TESTIMONY OF REP. ELIZABETH HOLTZMAN BEFORE THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION OF THE HOUSE COMMITTEE ON EDUCATION AND LABOR

MARCH 23, 1977

SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

MR. CHAIRMAN. I WOULD LIKE TO THANK THE SUBCOMMITTEE FOR ALLOWING ME TO APPEAR TODAY TO DISCUSS THE SUMMER FOOD SERVICE PROGRAM FOR CHILDREN AND MY RECOMMENDATIONS FOR LEGISLATIVE IMPROVEMENT.

LAST JULY, WHEN I LAST TESTIFIED BEFORE THIS COMMITTEE ABOUT THE SUMMER FOOD PROGRAM, I TOLD YOU OF THE WHOLESALE WASTE, FRAUD AND ABUSE I HAD ENCOUNTERED IN THIS PROGRAM IN NEW YORK CITY.

WHILE MY EFFORTS, THOSE OF SOME OF MY COLLEAGUES FROM NEW YORK AND THE CONCERN EXPRESSED BY YOUR COMMITTEE FORCED THE DEPARTMENT OF AGRICULTURE TO TAKE SOME REMEDIAL ACTION LAST SUMMER, IT WAS FAR TOO LITTLE AND MUCH TOO LATE.

THE PROGRAM COST NEARLY $77 MILLION IN NEW YORK LAST SUMMER, AND IT PAID FOR MORE THAN 100 MILLION MEALS. ON THE BASIS OF MY OWN VISITS TO SITES, VISITS CONDUCTED BY MY STAFF, AND OTHER REPORTS I RECEIVED ABOUT THIS PROGRAM, I SUSPECT THAT MOST OF THOSE MEALS NEVER ACTUALLY REACHED NEEDY CHILDREN, THAT MOST OF THE MEALS WHICH DID GET TO CHILDREN WERE ROTTEN, INEDIBLE OR PREPARED UNDER UNSANITARY CONDITIONS, AND THAT MANY OF THE MEALS FOR WHICH THE GOVERNMENT PAID NEVER EVEN EXISTED, BUT WERE RATHER FICTITIOUS MEALS AT PHANTOM SITES.

One thing is certain about last summer's program in New York: millions of dollars and tons of food were wasted, while children went hungry and unscrupulous vendors and sponsors enriched themselves.

I am deeply concerned, as I know your committee is, that this appalling waste and abuse not be repeated -- next summer or at any time in the future. I would like to advise you of the efforts I have already made to see that essential reforms are made in the program by the U.S. Department of Agriculture and the New York State Education Department, and to suggest to you some additional steps which must be taken to prevent a recurrence of the problems which plagued the program in 1976.

In December, I submitted a detailed set of recommendations for improved administration of the summer food program to the Department of Agriculture and the State Education Department. Many of these recommendations were incorporated in the proposed USDA regulations issued later in December. Subsequently, in January, I submitted formal comments on the proposed USDA regulations, urging that they be tightened further.

I request permission Mr. Chairman to have inserted at this point in the record the recommendations I made to the Department of Agriculture in December and January. I would like to summarize them briefly for you.

1. THE SCREENING OF PROGRAM SPONSORS SO AS TO ELIMINATE THOSE WHO ARE INCOMPETENT OR DISHONEST.

2. STRICT CONTROLS TO PREVENT COLLUSION IN THE COMPETITIVE BIDDING PROCESS BY WHICH SPONSORS CHOOSE VENDORS -- FOOD SUPPLIERS. THIS PROBLEM DESERVES SPECIAL MENTION BECAUSE IT WAS, IN MY JUDGMENT, AT THE HEART OF THE BREAKDOWN OF LAST YEAR'S PROGRAM. WHEN A SPONSOR AND A VENDOR DO NOT DEAL AT ARMS LENGTH, BUT INSTEAD WORK TOGETHER TO EXPLOIT THE PROGRAM, THE RESULT IS ARTIFICIALLY INFLATED MEAL PRICES AND NO CONTROL OVER THE AMOUNT OR QUALITY OF FOOD DELIVERED.

3. THE EXCLUSION OF UNSATISFACTORY VENDORS.

4. THE INSPECTION OF ALL PROGRAM SITES PRIOR TO APPROVAL AND AGAIN DURING THE FIRST WEEKS OF OPERATION.

5. THE INCLUSION OF CERTAIN CERTIFICATION REQUIREMENTS SO AS TO FACILITATE THE CRIMINAL PROSECUTION OF SPONSORS AND VENDORS WHO EXPLOIT THE PROGRAM.

6. INCREASED MONITORING OF VENDORS TO ASSURE HEALTHFUL AND NUTRITIOUS FOOD.

7. INCREASED STATE ADMINISTRATIVE AUTHORITY OVER PROGRAM OPERATIONS.

8. TIGHTER MONITORING OF STATE ADMINISTRATION BY USDA.

I AM PLEASED TO NOTE THAT ALL OF THESE RECOMMENDATIONS WERE EITHER INCORPORATED BY USDA IN ITS FINAL REGULATIONS OR INCLUDED BY THE STATE EDUCATION DEPARTMENT IN ITS STATE PLAN. ALTHOUGH THE SPECIFIC PROVISIONS ADOPTED BY USDA AND THE STATE WITH REGARD TO THESE RECOMMENDATIONS ARE NOT AS STRONG AS I THINK THEY SHOULD BE, THEY DO REPRESENT MAJOR PROGRESS.

I WOULD ALSO NOTE TWO VERY PROMISING CHANGES OF ADMINISTRATION. ON THE STATE LEVEL, NEW YORK STATE'S EDUCATION DEPARTMENT OFFICIALS WHO PRESIDED OVER LAST SUMMER'S TOTAL BUREAUCRATIC BREAKDOWN HAVE, AT MY INSISTENCE, BEEN REMOVED FROM ANY RESPONSIBILITY FOR THE 1977 PROGRAM. THEY HAVE BEEN REPLACED BY SOMEONE, WHO I UNDERSTAND WILL BE TESTIFYING SHORTLY, WHO HAS A WELL-ESTABLISHED REPUTATION FOR ADMINISTERING A GOOD PROGRAM.

ON THE FEDERAL LEVEL, THE PROSPECTS ARE EVEN MORE PROMISING. UNDER FORMER SECRETARY BUTZ, AS THIS COMMITTEE KNOWS WELL, THE DEPARTMENT OF AGRICULTURE TOTALLY ABDICATED ITS RESPONSIBILITY TO HELP CLEAN UP THE SUMMER FOOD PROGRAM MESS. IN THIS CONNECTION, I WOULD RECALL TO YOU MY REQUEST, IN JULY 1976, FOR A SPECIAL USDA TASK FORCE TO HELP STOP THE WASTE AND ABUSE THEN TAKING PLACE IN NEW YORK. YOUR COMMITTEE ENDORSED THIS REQUEST. YET THEN-SECRETARY BUTZ DID NOT EVEN REPLY TO MY LETTER UNTIL SEVERAL WEEKS AFTER THE PROGRAM ENDED.

Secretary Bergland, on the other hand, seems genuinely committed to tight management of the summer food program. I have been greatly encouraged by his response to my suggestions for improved regulations, and hope that these early actions indicate a much more active role by USDA in preventing abuses.

Incidentally, I have requested a special USDA task force to oversee New York's administration of the 1977 program. I hope your committee will again join me in this request. Such a task force would repay the taxpayers many times over in terms of money saved and waste prevented.

In addition to these regulatory and administrative improvements, I would like to address myself to legislative changes which I believe are needed to strengthen the program. These changes are incorporated in a bill which I will introduce this afternoon. You should have received copies of this bill, which I would like to review with you.

SECTION 1 AUTHORIZES THE PROGRAM FOR ONE ADDITIONAL YEAR. IN VIEW OF THE HISTORY OF THIS PROGRAM, I BELIEVE IT SHOULD BE PUT ON TRIAL. THE NEW REGULATIONS, AND TIGHTENED ADMINISTRATION AT THE FEDERAL AND STATE LEVELS SHOULD ALLOW US TO DETERMINE WHETHER THE SUMMER FOOD PROGRAM CAN BE MADE TO WORK EFFECTIVELY FOR THE BENEFIT OF NEEDY CHILDREN WITHOUT WASTE AND SCANDAL. UNTIL WE HAVE HAD SUCH A TEST, I DO NOT BELIEVE A LONG TERM AUTHORIZATION CAN BE JUSTIFIED.

WE NEED TO FIND OUT WHETHER THIS PROGRAM CAN WORK.

THIS SECTION ALSO PROVIDES EXPLICIT AUTHORITY FOR THE SCREENING OUT OF UNSATISFACTORY SPONSORS. ALTHOUGH THE PRESENT LAW IMPLICITLY PERMITS SUCH SCREENING, IN MY JUDGMENT THIS REQUIREMENT SHOULD BE MADE EXPLICIT IN THE LAW.

SECTION 2 FREEZES THE 1977 MAXIMUM PER MEAL REIMBURSEMENT LEVELS AND MANDATES THE SECRETARY TO CONDUCT A STUDY TO DETERMINE WHETHER THESE LEVELS SHOULD BE ADJUSTED. IN VIEW OF THE ENORMOUS PROFITS MADE BY VENDORS IN THE 1976 PROGRAM AND THE INFLATION OF MEAL PRICES THROUGH COLLUSION, IT MAY BE POSSIBLE TO LOWER REIMBURSEMENT RATES AND PROGRAM COSTS WITHOUT REDUCING FOOD QUALITY.

This section also directs the Secretary to find a new basis for reimbursing sponsors for administrative costs. As long as sponsors are reimbursed for administrative costs on a per meal basis, they have a built an incentive to serve more meals, regardless of whether they are needed. The per meal rates are retained, however, for guideline purposes to limit total nationwide reimbursement.

In addition, this section revises the basis for reimbursing residential camps. Under present law and regulations a residential camp can receive Federal reimbursement for every meal that it serves as long as one third of the children who attend it are eligible for free or reduced price lunch. The remainder of the children may be from middle or upper income families which pay $1000 to send their children to the camp, yet everyone's food -- rich or poor -- is paid for by the program. In the alternative, a camp may get Federal reimbursement for all of its meals as long as all of the children who attend it come from areas in which one third of the children receive free or reduced price lunch. Not one child need be poor for the camp to get the Federal money under this provision. My bill provides that the program will only pay residential camps for meals that actually go to needy children.

FINALLY, THIS SECTION ALLOWS STATES TO RESTRICT THE NUMBER OF DIFFERENT MEALS WHICH A SPONSOR WHICH HAS ADMINISTRATIVE PROBLEMS MAY SERVE.

SECTION 3 DEALS WITH ONE OF THE MOST SERIOUS POTENTIALS FOR ABUSE IN THE PROGRAM: ADVANCE PAYMENTS. BECAUSE SPONSORS CAN RECEIVE MOST OF THEIR MONEY IN ADVANCE, THEY NEED NOT FEAR THAT INCOMPETENT OR DISHONEST ADMINISTRATION WILL PREVENT THEM FROM BEING PAID. IN ADDITION, SINCE MOST OF THE FUNDS ALREADY HAVE BEEN PAID OUT, THE STATE AND FEDERAL GOVERNMENTS HAVE LITTLE HOPE OF RECOUPING MONEY FROM SPONSORS, NO MATTER HOW BAD.

THIS SECTION LIMITS ADVANCE PAYMENTS FOR ANY SPONSOR TO 50% OF ITS PROJECTED EXPENDITURES FOR A MONTH (AS OPPOSED TO 65%) AND PROVIDES THAT ADVANCE PAYMENTS MAY NOT EXCEED $10,000 PER SPONSOR PER MONTH. THESE LIMITS WILL ALLOW THE SMALL SPONSOR -- THE LEGITIMATE CHURCH OR COMMUNITY GROUP WHICH BUYS ITS OWN FOOD -- TO OPERATE. AT THE SAME TIME, IT WILL KEEP THE LARGE SPONSORS WHO OPERATE ON A CONTRACTUAL BASIS WITH LARGE VENDORS -- AND WHO THUS DO NOT NEED TO SPEND THEIR OWN FUNDS -- FROM TAKING THE MONEY AND RUNNING.

THIS SECTION ALSO MAKES EXPLICIT THE STATE'S AUTHORITY TO WITHHOLD ADVANCE PAYMENTS FROM SPONSORS WHO VIOLATE PROGRAM REQUIREMENTS.

Section 4 allows the Secretary to make additional administrative funds available to States which have experienced severe program problems. If such additional funds enable a State to run a tight program, they will be repaid many times over.

This section also corrects a catch-22 in the present law under which a State which runs a good program, limiting waste, may be penalized. States are entitled to 2% of program expenditures in the State for administration. If a State holds program expenditures below the amount anticipated, its administration reimbursement will be reduced -- perhaps below its actual expenditures. My bill allows the reimbursement of a State for its actual expenditures under such circumstances.

The last provision of this bill directs the Secretary to conduct demonstration projects to determine if other means for feeding needy children in the summer may be more effective than the present program. While I hope that the present program can be made to work properly, we should at the same time be experimenting with other approaches re in the event that it cannot. That we are willing to seek alternatives does not mean that we are any less committed to the goal of feeding needy children. Indeed, our search for the best way to achieve this goal demonstrates our commitment to it.

MR. CHAIRMAN, I HOPE THAT YOUR COMMITTEE WILL GIVE SERIOUS CONSIDERATION TO THIS LEGISLAATION AND TO THE OTHER RECOMMENDATIONS I HAVE MADE TODAY. I WILL BE HAPPY TO WORK WITH YOU IN ANY WAY THAT I CAN TO ASSURE THAT THIS NATION'S HUNGRY CHILDREN RECEIVE DECENT, NUTRITIOUS MEALS, EFFICIENTLY AND WITHOUT WASTE.

Ms. Holtzman. Perhaps some of the members of this subcommittee will recall that last summer I testified about the wholesale abuse, fraud, and waste occurring in New York City in the summer feeding program.

While some of my efforts, the efforts of my colleagues from New York, and the concern expressed by your committee forced the Department of Agriculture to take some remedial action last summer, the action taken was far too little and came much too late.

In New York City last summer, the program cost nearly $77 million, and paid for more than 100 million meals. On the basis of my own visits to sites, visits conducted by my staff, complaints that I received from around the entire City of New York, and the investigation we conducted, I would suspect that most of those 100 million meals never actually reached needy children.

Many of the meals that did reach needy children were prepared under unsanitary circumstances, or were rotten and inedible. Many of the meals for which the government paid never even existed, but were rather fictitious meals at phantom sites.

The subcommittee should know that on one occasion 16,000 sandwiches were dumped in a vacant lot in New York City. I suspect that the taxpayers of this country had to pay for those sandwiches.

One thing is certain about last summer's program in New York, millions of dollars and tons of food were wasted, while children went hungry and unscrupulous vendors and sponsors enriched themselves.

I am deeply concerned, as I know your committee is, that this appalling waste and abuse not be repeated next summer or any time in the future. In this respect I would like to advise you of the efforts that I have already made to see that essential reforms are made in the program by the U.S. Department of Agriculture and the New York State Education Department, and to suggest to you some additional steps which must be taken to prevent a recurrence of the problems which plagued the program in 1976.

Let me point out to the members of the subcommittee, by the way, that a problem which I believe gave rise to much of the fraud and abuse in New York City last summer—collusion in the bidding between sponsors and vendors—is not restricted to New York City alone. We found by examination of contract documents that collusion in bidding also appears to have occurred in Chicago, St. Louis, Philadelphia, and possibly New Jersey. So that the experience with fraud that New York City sponsors seem to have developed—and most of the people involved in collusion seem to come from New York City—is being exported around the country.

Last December I submitted a detailed set of recommendations for improved administration of the summer food program to the Department of Agriculture and the State Education Department. Many of these recommendations were incorporated in the proposed USDA regulations issued later in December. Subsequently, in January, I submitted formal comments on the proposed USDA regulations, urging that they be tightened further.

I request permission, Mr. Chairman, to have inserted at this point in the record the recommendations I made to the Department of Agriculture in December and January.

Mr. Simon. They will be made part of the record.

[Document referred to follows:]

OFFICE OF REP. ELIZABETH HOLTZMAN
1452 Flatbush Avenue
Brooklyn, New York 11210

December 14, 1976

RECOMMENDATIONS FOR IMPROVED ADMINISTRATION OF THE SUMMER FEEDING PROGRAM

I. Eligibility of Sponsors

*1. Sponsors must be approved by the State agency at least four months prior to the start of the summer's program. Subsequent approval is permitted if State determines that it is necessary in order to serve a particular geographical area -- which no approved sponsor can serve.

*2. In order to be approved, sponsors must operate year round programs of service (other than food programs) to the community in which they propose to operate sites.

3. Sponsors who have operated unsatisfactory programs in the past may not participate. Evaluation of past performance based upon:

(a) adequacy of site records,

(b) frequency of site violations,

(c) response to site violations,

(d) accuracy of site applications,

(e) adherence to competitive bidding requirements,

(f) positive action to monitor sites, reduce excessive ADP, and correct violations,

(g) continued use of vendors with health and sanitary violations,

(h) positive action to obtain low cost vendors,

(i) positive action to assure the service of sanitary, high quality food.

4. Where a sponsor is affiliated, through officers, directors, chief employees, or otherwise, with a prior sponsor, new sponsor is evaluated, to the extent appropriate, in light of the former's performance.

* Similar provision in State plan

5. Sponsor's main office must be located within the proposed area of service. Exceptions permissible if State agency finds that an appropriate sponsor does not exist in an area.

6. At time of its application, sponsor must make full disclosure, including:

(a) Names and salaries of all current employees, officers and directors, and, if sponsor operated in past programs, names and salaries of employees, officers and directors in programs over past three years;

(b) Affiliations, relationships, interests, etc. of current and past officers, directors and employees with past or present vendors, sponsors or other participants in past or current summer feeding programs.

7. Sponsor must provide continuous updating of information in item 6 as new personnel are added.

*8. Priorities for State in selecting sponsors:

(a) Public schools and government agencies.

(b) Non-public schools.

(c) Sponsors with proven records of satisfactory service to children in areas they plan to serve.

(d) Other qualifying sponsors.

*9. Sponsor must provide evidence of administrative and financial capacity.

10. Sponsor must submit proposed budget and detailed management plan.

(a) State can require modification or withhold approval of unsatisfactory plan.

(b) Plan must provide job descriptions and salaries.

(c) Administrative personnel are to be paid in accordance with pay rates for applicable job descriptions as established by the State.

* Similar provision in State plan

II. Approval of sites

1. Site defined as an area where children are organized and consuming meals on site in presence of site supervisor.

*2. To be approved, site must be used in an ongoing program, other than summer feeding.

*3. Sponsors must submit site applications within 30 days after sponsor approved for participation. Exceptions only where requested by State as necessary to serve unserved area.

4. Sites must be inspected by State prior to approval and beginning of operation. No funds may be paid for service which took place before a site was inspected and approved.

5. Sponsor must indicate person responsible for each site (site supervisor) and application must include signed statement by site supervisor indicating acceptance of responsibilities.

6. Non-public sponsors may operate no more than 50 sites, unless specifically authorized by State. 50 site limit applies to related sponsors which State or USDA determines to be effectively one sponsor.

7. Maximum of 300 children to be served -- in no more than 2 shifts -- at each site.

*8. State establishes and maps out geographical areas eligible for program, maximum number of meals to be served and maximum number of sites to exist in each area. State to avoid, if possible, locating sites within 1 block of each other.

9. Each site must have:

(a) capacity to store food overnight.

(b) capacity to seat children consuming meals.

*10. Priorities for approval:

(a) Public schools.

(b) Non-public schools with meal preparation and service capacities.

(c) Other locations with meal preparation capacity.

(d) Sites without meal preparation capacity, but with proven record in program.

(e) Other eligible sites.

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* Similar provision in State plan

11. All sites must be approved 30 days prior to start of program, unless needed to serve unserviced area.

12. When choosing between competing approved sponsors for same site, choice made on basis of lower administrative cost.

III. Approval of vendors

*1. All vendors must be approved by State for participation in program.

2. In order to be approved, vendor must submit health department certification and report of recent violation free inspection.

*3. State or local health department must visit and report on each vendor food preparation and distribution site after application and before approval.

4. State must give wide publicity to opening of vendor qualification process.

5. Vendor must provide full disclosure, including:

(a) records of operation, fiscal condition, and health inspections within past 3 years.

(b) complete list of past and present officers, directors, shareholders, etc., and relationships with past and present vendors, sponsors and other food program participants.

(c) detail of food preparation site size, production, delivery capacity.

(d) address of all food preparation and distribution sites.

6. Past performance of officer, shareholder, director, etc. attributed to new vendor to the extent appropriate.

7. Vendors disqualified for severe or uncorrected violations in previous programs, suspicious relationships with sponsors, questionably high bids in prior programs.

8. State and U.S.D.A. develop appropriate health and sanitary controls for suppliers to vendors and self-vending sponsors.

* Similar provision in State plan

IV. Vendor - Sponsor Relationships

*1. Each vendor-sponsor contract approved by State no later than 30 days prior to beginning of program.

2. State establishes cycle menu on which all sponsors are to bid; establishes reasonable cost guideline for menu.

*3. State establishes bidding specifications: conditions, period of time open, etc.

4. Bid invitations:

(a) State establishes format.

(b) State mails to each approved vendor and gives other appropriate publicity.

(c) Includes notice of date, time and place of opening, right of sponsor to attend.

(d) At least two weeks between mailing of bid invitations and date of opening.

5. Bidding process:

(a) All bids received by State

*(b) Opening in presence of State personnel

(c) Automatic rebidding if:

(1) fewer than 3 bids

(2) all bids within 10% of maximum

(3) only bid acceptable to sponsor is within 10% of maximum

(4) sponsor wishes to accept high bid which is more than 10% above lower one

(5) State otherwise feels necessary.

*6. State develops standard sponsor-vendor contract

(a) Sponsor or State may cancel for unsatisfactory performance

(b) If unsatisfactory food delivered, sponsor does not pay and is not reimbursed.

* Similar provision in State plan

(c) Vendor performance bond

(d) Penalties for unsatisfactory performance.

7. Unitized meals only - no delivery of separate components.

8. Special situation where sponsor acts as vendor (i.e. prepares its own food.)

(a) Presents budget to State -- reimbursement based only upon budget.

(b) Budget based on standard meal used in vendor contracts.

(c) Collusion controls on relationship between food preparing sponsor and food supplier.

V. Sponsor Operations

*1. Administrative funds based on submitted and approved budgets with suggested maximums as follows:

Lunch and dinner: 6.5¢ for first 100 meals at site; 5.5¢ for second 100; 4.5¢ for third 100. Breakfast: 3¢ for first 100; 2.5¢ for second; 1.5¢ for third.

NOTE: The foregoing figures need not be controlling. Alternative maximums are possible, if they equally recognize the economics of scale inherent in the use of larger sites.

2. Where sponsor refuses meals delivered by vendor because of food quality or adequacy, sponsor does not lose administrative reimbursement. But repeated deliveries of unsatisfactory food require sponsor to terminate with vendor.

3. State provides training sessions for sponsors' site and administrative personnel.

4. Sponsor monitors must visit and provide written report on each site in first week and again within first 4 weeks.

*5. Sponsor to assign at least one liaison with State agency who must respond in writing within 48 hours to each notice of violation.

*6. 30 days before program start, sponsor must provide State with list of sites and vendor which serves each site. Immediate notice of any changes.

7. Sponsor must furnish weekly reports on number of meals served daily at each site.

* Similar provision in State plan

8. Sponsor to provide each site supervisor with liaison number for complaints about food and changes in daily order. Sponsor to communicate all such complaints and changes daily to vendor, and make record of all such calls.

9. Sponsor must update, as necessary, all information required under I, and provide list of all salaried personnel 2 weeks before program starts.

VI. Vendor Operations

*1. Vendor representative assigned as liaison with State.

2. Vendor representative assigned as liaison with sponsors.

*3. Vendor to provide State with weekly reports of each day's delivery to each site.

*4. Each meal package to identify sponsor and vendor.

5. Respond in writing within 24 hours to each violation cited. Responses to State, sponsor and agency which cited violations.

VII. Additional State Responsibilities

1. Visit all sites:

(a) before approval

(b) within first week

(c) again within 4 weeks

2. Visit all sites with violations within 1 week after first visit.

3. Ascertain willingness and capacity of sponsors to act as replacement sponsors if a particular sponsor is cancelled.

4. Ascertain willingness and capacity of vendors to act in residual capacity.

5. Develop liaison with local health agency to assure that:

(a) State health monitors are properly trained

(b) Health agency has current list of vendors

* Similar provision in State plan

(c) vendors are inspected weekly dur[illegible]rogram

6. Establish and publicize complaint tele[illegible]e number for general public. Follow up on complaints within [illegible]ays.

7. Establish procedure for receiving and acting on complaints from program participants.

8. Prepare administrative plan, timetable and budget for U.S.D.A. approval. If subsequent tight administration holds program expenditures below approved estimated level, State can still receive reimbursement for 2% of estimate.

9. Establish schedule of sanctions for specific violations by vendors and sponsors, i.e.

(a) loss of administrative funds

(b) reduction of site ADP

(c) closing of site

(d) reduction of number of sites

(e) cancellation of sponsor

(f) cancellation of vendor

10. Prepare all forms for use in program -- applications, inspection reports, bids, food receipts for site personnel, monitoring, etc.

VIII. Employment Practices and Employee Performance

1. No monitor may be hired by the State who is or was affiliated by employment, family, or otherwise with any sponsor, vendor, or subcontractor (food supplier) in the program.

2. State to develop methods of testing and ensuring equal employment opportunity in its own administration and in vendor and sponsor operations.

3. Sponsors should:

(a) employ no person simultaneously employed in another Federal program unless full disclosure is made to State

(b) employ no relatives of any director, officer or person in administrative capacity in it or in any other program sponsor or vendor; and

(c) provide written statements to all site personnel of wages and hours, if such personnel are paid, or of their voluntary status and hours if they are not to be paid, before such personnel begin work.

IV. U.S.D.A. Responsibilities

1. Approve or require modification of State administrative plan, personnel, timetable, and budget -- including assuring that State has adequate professional personnel, specifically licensed professional legal and accounting staff to insure fiscal integrity of program.

2. Monitor State compliance generally

3. Make certain that State

(a) receives and maintains proper records from sponsors

(b) is performing monitoring function

(c) has an adequate contract compliance effort

4. Establish sanctions for State non-compliance -- i.e. cut in number of sites, removal of State agency, etc.

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COMMITTEE ON THE JUDICIARY

COMMITTEE ON THE BUDGET

COMMISSION ON
INFORMATION AND FACILITIES
CHAIRWOMAN—TASK
FORCE ON FACILITIES AND
SPACE UTILIZATION

January 14, 1977

Honorable John A Knebel
Secretary of Agriculture
Washington, D.C. 20250

Dear Mr. Secretary:

On December 14, 1976, I forwarded to you a set of recommendations for improved administration of the Summer Food Service Program for Children. These were prompted by the wholesale abuses in the program which I uncovered last summer.

Assistant Secretary Feltner advises me that these recommendations will be considered by the Department in its preparation of final regulations for the program. I appreciate this consideration, and hope you will find my suggestions useful. Because these recommendations were prepared, however, before I received the Food and Nutrition Service's proposed regulations, I would like to supplement them with the following comments directed specifically toward the FNS proposal. As you will note, parenthetic reference is made, where appropriate, to the recommendations which I submitted on December 14. (I have enclosed, for your convenience, a copy of these recommendations.)

Improved Control Over Sponsors and Sites

Because sponsors are responsible for operating the program, they must be subject to strict pre-program clearance procedures and close supervision throughout. The proposed regulations make a number of significant improvements in this regard, but in my judgment, need further strenghtening.

Section 225.4(b) soundly provides that sponsors who performed unsatisfactorily in past programs should be barred from participating next summer. I would suggest that the following be added to the list of specific deficiencies in past performance justifying disapproval of a sponsor: selection of a substantial number of inadequate or inappropriate feeding

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sites; repeated instances of off-site feeding; continued use of vendors with health code or sanitary violations. (Note other additional suggested factors in Holtzman Recommendation I 3.)

In addition, in order to assure that earlier unsatisfactory sponsors or their principals do not simply reappear in new corporate guises, applicants should be required to disclose all employees, officers and directors, together with any present or former relationship of these individuals with the program, including any other sponsor or vendor. The State agency (or FNSRO) would then be able to attribute the performance of earlier sponsors, to the extent appropriate, to new applicants. (The first sentence of § 225.4(b) seems to have this objective, but I believe it should be stated more clearly and affirmatively.) Information about sponsor officers, employees and directors must be continually updated by the sponsors as changes are made, and the State agency should subsequently revoke the approval of a sponsor or take other remedial action if the association of a particular new person or persons would have justified the disapproval or limiting of the sponsor in the first place.

In order to aid the State agency in evaluating a sponsor's administrative capacity, applicants should be required to submit proposed administrative budgets and management plans. (Note Holtzman Recommendations I 10 (a) and (b).)

The limits set by the proposed regulations on the number of sites and children a sponsor may serve (§ 225.4(e)) seem too lenient with regard to private sponsors and unnecessarily restrictive with regard to certain public institutions. I would recommend limiting private sponsors to no more than 50 sites serving no more than 300 children each, 15,000 children in total, unless the State agency found that: (1) a specific need existed for more sites or meals in order to serve children who would not otherwise be reached; (2) the sponsor concerned was competent to administer a larger program; and (3) the sponsor concerned, if it operated in past years, performed in a superior fashion in substantial compliance with program requirements. On the other hand, such factors as economies of scale, the availability of appropriate facilities, and higher facility opening costs may earily justify a State's approval of more sites, higher per site attendance and greater total service for such public sponsors as large school districts. The regulations should permit this.

I believe that the site approval process will have value only if each site operated by a private sponsor is inspected by the State agency (or FNSRO) prior to approval. Past experience has unfortunately demonstrated that sponsor declarations simply cannot be relied upon to assure that each site is suitable to serve the approved number of children in a satisfactory manner. In furtherance of this purpose, the regulations should state more explicitly than in § 225.12(a) that no reimbursement of any sort may be made for meals served at any site prior to the State's inspection and approval of the site. No retroactive approvals should be permitted.

In order to assist State agencies in evaluating whether sponsors have met their obligations prior to receiving payments, and to assist in the criminal prosecution of sponsors who fraudulently claim to have met those obligations, sponsors should be required to submit advance payment requests and reimbursement claims containing certain sworn declarations of fact. The request and claim forms should be developed by State agencies with FNS guidance, and claimants should be required to certify under oath (1) the number of meals served at each site, (2) that proper records are being maintained, (3) that sites are being supervised properly, (4) that vendors have received proper health certification and are performing satisfactorily, and (5) that required training has been given to all sponsor personnel. Such forms should also require the sponsor to swear that administrative funds requested are used solely for personnel engaged and expenses incurred in operating the program, to identify persons receiving salaries, and to indicate their hours and responsibilities. (The point that administrative funds are to be used solely for program expenses should be made more clearly in § 225.12(b), as well.) Where a particular statement of fact is not based on the claimant's personal knowledge, he must attach a sworn statement from the individual with personal knowledge of the facts.

To prevent conflicts of interest and ensure sound personnel practices, sponsors should (1) employ no person simultaneously employed in another Federal program unless full disclosure is made to, and approval is received from, the State agency, (2) employ no relative of any director, officer or person in administrative capacity of any program sponsor or vendor, and (3) provide written statements to all site personnel of wages and hours, if such personnel are paid, or of voluntary status and hours if they are not to be paid, before such persons begin work.

Finally, in order to assure that all participants have adequate time to prepare to operate the program, State agencies should be required to approve all sponsors no later than 3 months, and all sites no later than 30 days, prior to the beginning of the program. Subsequent approvals should be permitted only in cases of extraordinary need.

Control of Vendors (Food Service Management Companies)

One of the most serious deficiencies in the proposed regulations is the failure to require strict State control over food vendors. Last year, I found repeated instances of unhealthful, inedible food provided by vendors and served to children. These abuses should not be permitted to recur.

Vendors wishing to participate in the program must be approved by the State agency (or FNSRO). In order to be approved, vendors must have local health department certification and have undergone a recent health inspection. In a manner similar to prospective sponsors, applicant vendors should be evaluated on the basis of past performance in the program, if any, and should make full disclosure of officers', shareholders', and employees' relationships with past programs. (Note fuller explanation in Holtzman Recommendations III 2-8.)

Control of Bidding Process

The most critical failure of the summer feeding program, and the one which is, in my opinion, chiefly responsible for the massive waste and abuse we have uncovered, is in the collusive relationships which have existed between sponsors and vendors. Unless integrity is restored to the competitive bidding process by which sponsors select vendors, we will continue to see artificially inflated meal prices, the acceptance of inedible food and the delivery of excess meals.

While the proposed regulations contain a number of requirements intended to improve the bidding process, much more needs to be done. Competitive bidding should be required, in accordance with program regulations, for all sponsor-vendor contracts where the value involved is more than $5,000 or where the sponsor concerned operates more than 2 sites. In addition, where sponsors prepare their own food, competitive bidding should be required for all procurement contracts worth more than $1,000 in accordance with specially developed program requirements or with relevant State procurement regulations.

The State agency (or FNSRO) should have full control over the bidding process including establishing bid specifications, the cycle menu upon which bids will be taken, and the format of bid invitations. (Note Holtzman Recommendations IV 2,3,4.) The State should also (1) see that all approved vendors receive all bid invitations, (2) receive all bids, and (3) preside over bid openings.

Perhaps most importantly, the State should be able to require rebidding where the process appears to have been circumvented or otherwise seems not to be working properly. There should be automatic rebidding if fewer than three bids are submitted for a particular contract, if the accepted bidder has any relationship to the sponsor, if all bids are at or near the maximum permissible per meal cost, or if certain other conditions noted in my Recommendations (IV 5 (c)) exist.*

The proposed requirement that State agencies develop a standard sponsor-vendor contract is sound. I would add, however, to the items required to be included in the contract the following: authority and procedures for a sponsor to adjust meal orders daily; specific penalties for various failures of performance; authority to the sponsor and State agency to cancel for unsatisfactory performance; a requirement for weekly submission of daily delivery records to the sponsor and the State agency; authority for the sponsor, FNS, State agency and local health authorities to inspect relevant books and records on notice and to inspect all food preparation and distribution sites without notice.

The regulations should also bar any gifts, contributions, payments or other benefits, or agreements or bid specifications therefor, other than the supplying of meals by the vendor to the sponsor.

A sponsor should be required to furnish a sworn written statement as to its reasons for choosing a particular vendor, and, if the lowest bid has not been selected, the specific reason for choosing a higher bidder. Accompanying the bid documents should be (1) a detailed statement of any relationship between personnel of the sponsor and those of the vendor and (2) a sworn certificate of non-collusive bidding.

Finally, all sponsor-vendor contracts should be subject to final State agency (or FNSRO) approval, and except in cases of extraordinary need, must be approved no later than 30 days prior to the beginning of the program.

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* The attached letter from U.S. Attorney Robert B. Fiske, Jr., points out, in the last paragraph on page 2, a serious shortcoming in the proposed regulations governing the bidding process. I strongly endorse Mr. Fiske's recommendation §§ 225.11(a) and 225.15(2) be clarified and strengthened.

Other State Authority and Obligations

Clearly, whatever improvements are called for by regulations will be of little benefit unless State agencies (or FNSROs) administer and monitor the program more effectively than they have in the past. Seeing that the State agencies do their jobs properly is, in turn, the responsibility of FNS. I would, therefore, strengthen the proposed regulations concerning these matters in several respects.

The State agency should be required to do extremely thorough and persistent monitoring of sponsor and vendor performance. To this end State monitors should visit all sites operated by private sponsors before approval, during the first week of operation, and again within the first four weeks of operation. Similarly, the State agency should develop a liaison with local health authorities to assure that State agency health monitors are properly trained, that health authorities have a current, accurate list of vendors, and that all vendors are inspected at least weekly during the program. FNS and the State agency should develop a mechanism to ensure that out of State or out of jurisdiction vendors are similarly inspected. In addition, the State should develop a mechanism for receiving and promptly following up complaints about sponsor or vendor operations.

An essential part of the enforcement and monitoring mechanism is a determination of what sanctions may be imposed for various violations. Thus, the State agency should develop, with FNS guidance, a schedule of sanctions -- such as loss of administrative funds, reduction of meal service at a site, closing of a site, reduction of the number of sites a sponsor may operate, and cancellation of a sponsor -- to be imposed under specified circumstances.

FNS should require State agencies to prepare an administrative plan, implementation timetable and budget, subject to FNS approval. The plan should include provision for adequate professional (legal and accounting) personnel to meet its administrative responsibilities and ensure compliance with Federal regulations. The State agency should, of course, be

State agencies should also be encouraged to develop their own requirements to meet special problems and conditions in their programs. I believe, therefore, that the authority for State agencies to impose "additional operating requirements" in the proposed regulations (§ 225.5(r)) should be broadened considerably.* FNS could, of course, void any unreasonable or unnecessarily onerous restrictions.

Finally, FNS must be prepared for situations in which a State agency's administration of the program has either broken down entirely or demonstrated serious, continuing failure. This occurred in New York State last summer. Therefore, FNS should develop a set of remedies and sanctions for specific administrative failures to ensure speedy resolution of problems that occur and to supplant State agency authority where necessary to preserve the integrity of the program.

I have attached to this letter comments on the proposed regulations which I have requested and received from the United States Attorneys for the Southern and Eastern Districts of New York. I sought their advice specifically on the question of how the regulations may be improved to assist in the prosecution of criminal violations arising out of the program. As you will see, they offer several valuable suggestions which merit serious consideration.

I have also enclosed a set of proposed specific technical amendments to the regulations which are not discussed above.

There is no question that the rampant fraud and abuse which occurred in last summer's program must be stopped. I believe that if the proposed regulations are amended in accordance with the foregoing suggestions, the Department of Agriculture will have made major progress toward eliminating waste and assuring decent, edible food in the summer feeding program and toward facilitating the criminal prosecution of those who would use this program to serve their own ends.

Sincerely,

Elizabeth Holtzman
Member of Congress

cc: William G. Bolling
Richard L. Feltner

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* Indeed, FNS should encourage more stringent State regulations in States, such as New York, which have experienced severe and widespread abuses. It may be advisable, for example, for New York to require sponsors to obtain the names, ages and addresses of all children being served at each site, to keep daily attendance records and to maintain this information on file.

Ms. Holtzman. I would like to summarize them briefly for you.

One: The screening of program sponsors so as to eliminate those who are incompetent or dishonest.

Two: Strict controls to prevent collusion in the competitive bidding process by which sponsors choose vendors—food suppliers. This problem deserves special mention because it was, in my judgment, at the heart of the breakdown of last year's program. When a sponsor and a vendor do not deal at arm's length, but instead work together to exploit the program, the result is artificially inflated meal prices and no control over the amount or quality of food delivered.

The statistics with respect to the so-called competitive bidding process in New York City were rather staggering last summer. The overwhelming majority of all contracts were not in compliance with the regulations. Freqently there were no advertisements for bids. The bid advertisements that appeared in the newspapers frequently had no bid opening dates on them. There were practically no contracts in New York City that were awarded at less than the maximum price.

That is what we had in terms of the bidding process. That is why I suggested that we strengthen the controls over it.

Three: The authority to exclude unsatisfactory vendors—in other words, either vendors who supplied bad food, or vendors who have engaged in collusion.

Four: The inspection of all program sites prior to approval and again during the first weeks of operation.

Five: The inclusion of certain certification requirements so as to facilitate the criminal prosecution of sponsors and vendors who exploit the program.

Six: Increased monitoring of vendors to assume healthful and nutritious food.

Seven: Increase State administrative authority over program operations.

Eight: Tighter monitoring of State administration by USDA.

I am pleased to note that all of these recommendations were either incorporated by USDA in its final regulations, or included by the New York State Education Department in its State plan.

Although the specific provisions adopted by USDA and the State with regard to these recommendations are not as strong as I think they should be, they do represent major progress.

I would also like to note two very promising changes of administration. On the State level, New York State's Education Department officials who presided over last summer's total bureaucratic breakdown have, at my insistence, been removed from any responsibility for the 1977 program.

They have been replaced by somebody who I understand will be testifying shortly and who has a well-established reputation for administering a good program.

On the Federal level, the prospects are equally promising. Under former Secretary Butz, as this committee well knows, the Department of Agriculture totally abdicated its responsibility to help clean up the summer food program.

In this connection, I would recall to you my request of last summer that USDA send a task force to New York City to help stop the waste and abuse then taking place. This committee endorsed the request, but the Department of Agriculture refused to send any such task force.

Secretary Bergland, on the other hand, seems genuinely committed to the program's objective; namely, feeding needy children, and at the same time committed to avoiding the waste and scandal that has marred the program in the past.

I have been greatly encouraged by his response to my suggestions for improved regulations, and hope that these early actions indicate a much more active role by USDA in preventing abuses in this program around the country.

Mr. Chairman, I would like to turn to a bill that I intend to introduce this afternoon, which I think will help to prevent some of the abuses of this program in the future, and to which I would like to draw the committee's attention.

I understand that the time for legislative action is short, and a thorough overhaul of the program may not be feasible from a legislative point of view. Therefore, the bill that I have introduced makes only some, what might be called, minor changes, but they really are changes that I think can help to improve the operation of the program for the next year.

I believe that copies of the bill have been distributed to members of the committee, and I would like to summarize its provisions briefly.

Section 1, and this is an important point, authorizes the program for one more year. In view of the history of this program, it is my belief that it ought to be put on trial.

We have new regulations, and we have tightened administration at the Federal and State levels. This should allow us to determine whether the summer food program can be made to work effectively for the benefit of needy children, without waste and scandal.

Until we have had such a test, I don't believe that we ought to authorize this program for a long-term extension. We need to find out first whether this program can be made to work, and can be made to achieve the worthy objectives set for it.

I also provide in this bill explicit authority for screening out unsatisfactory sponsors. Although the present law implicitly permits such screening, in my judgment the new law ought to explicitly mandate the elimination of bad sponsors.

The second section of my bill freezes the 1977 maximum per meal reimbursement levels and mandates the Secretary of Agriculture to conduct a study to determine whether these levels should be adjusted.

The interesting thing about the per meal reimbursement rate is that it does not in any way reflect or take advantage of economies of scale. You have the same per meal reimbursement rate whether the sponsor or vendor serves 100 meals or 50,000 meals. It seems to me that that system of reimbursement ought to be reviewed, and my bill directs the Secretary to study the reimbursement structure.

This section also directs the Secretary to find a new basis for reimbursing sponsors for administrative costs. I believe that this is a very important section because one of the problems we have in the present law is that the sponsors have every incentive to waste food because of the reimbursement formula.

Sponsors get reimbursed for administrative costs on the number of meals they served. The more meals they serve, the more administrative money they get. Therefore, the incentive is to inflate the number of meals served. This means that the sponsors will try to serve meals even though they know the children will not eat them.

We have found sites in New York City where, allegedly, 300, 400, or 500 meals were being served every day, but at which, when TV cameras watched all day long, perhaps 20 children showed up.

We must change the administrative reimbursement formula so as not to give this kind of an incentive to sponsors to inflate the number of meals being served. I have called, in this bill, for the Secretary of Agriculture to develop a new formula for administrative reimbursement to sponsors.

In addition, section 2 of the bill revises the basis for reimbursing residential camps. I don't know whether the members of the committee are aware of the fact that under the present law, a residential summer camp can receive Federal reimbursement for every meal that is served as long as one-third of the children who attend it are eligible for free or reduced price lunch.

Even though two-thirds of the children may come from families who are paying $1,000 to send those children to summer camp, those children are getting a free lunch at the taxpayers expense. This is obviously wasteful, obviously unnecessary, and my bill would do away with it.

My bill calls for a provision that residential camps be reimbursed for the meals of those children who are actually eligible, and not for children who can afford to pay for it.

Finally, this section allows States to restrict the number of different meals which a sponsor having administrative problems may serve.

Section 3 deals with one of the most serious potentials for abuse in the program—advance payments. At the present time, because sponsors can receive most of their money in advance, they need not fear that incompetent or dishonest administration will prevent them from being paid. They just anticipate that they will get 65 percent of the claim that they put in, regardless of how they perform.

In addition, since most of the funds are paid out early in the program, the State and Federal governments have little hope of recouping money from sponsors later on, no matter how bad their programs were.

Section 3 of my bill would limit payments for any sponsor to 50 percent of its projected expenditures for a month, as opposed to the present 65 percent figure. It also provides that advance payments may not exceed $10,000 per sponsor per month.

These limits will allow the small sponsor, the legitimate community group or legitimate church group to operate. I must mention, when I say "legitimate church," that last year in Brooklyn we found that a group purporting to be a church actually was not, and had submitted papers regarding its status as a church to the State education department which appeared to be fraudulent.

The level of advance payment proposed by my bill would permit legitimate community-based groups to operate. At the same time it would keep the large sponsors who operate on a contractual basis with large vendors, and who thus do not need to spend their own funds, from taking the money and running.

This section of my bill also makes it explicit that a State has the authority to withhold advance payments from sponsors who violate program requirements.

Section 4 deals with the problem that the chairman was discussing today, namely, State administrative reimbursement. The section authorizes the Secretary to make additional administrative funds available to States which have experienced severe program problems. If such additional funds enable a State to run a tight program, they will be repaid many times over.

This section also corrects a catch–22 in the present law under which a State which runs a good program, limiting waste, might be penalized. Here is the same kind of catch–22 that we have in terms of the reimbursement rates for sponsors. States get administrative money based on the number of meals being served. The more meals served, the more money the State gets.

If the State goes out and cracks the whip, says: "No, Mr. Sponsor. We are closing down sites, and we're reducing the number of meals," the State loses its administrative money.

There is a financial disincentive built into the present law for States to run a tight, well administered program. That seems to me not to be sensible, and to be self-defeating.

I think that we need to revise the way States are reimbursed. They should not be penalized for tightening the program. They should not lose their administrative money just because they say to a sponsor: "You had better shut down because you are running a bad program." That is exactly what my bill provides.

Another reason that the present law must be changed if we are ever to get tight State administration of this program, is that the States will have hired people before the summer to run this program, and have the financial obligation to pay these people. At the end of the summer if the State shuts down too many bad sponsors or sites, it may find that it does not have enough money to pay staff already hired. So the law must be changed.

The last provision of my bill directs the Secretary to conduct demonstration projects to determine if other means for feeding needy children in the summer may be more effective than the present program.

While I hope that the present program can be made to work properly, we should at the same time recognize the serious problems that have plagued it, and be experimenting with other approaches, in the event that it cannot.

That we are willing to seek alternative methods of feeding needy children, does not mean that we are less committed to the goal of feeding needy children. Indeed, our search for the best way to achieve this goal demonstrates our commitment to it.

Mr. Chairman, I hope that your committee will give serious consideration to the bill that I have introduced, and to the other recommendations I have made today. It has been my great honor in the past to work closely with members of this committee. Please be assured that if there is any way that I can work with you in making this program better, I will do so.

Thank you, Mr. Chairman.

Mr. Simon. I want to thank you for a hard-hitting, solid statement. Not only the statement, but I will call the attention of my colleagues to this book that we all have, if you will check in appendix 10, you will find more information here on the work that our colleague has been doing.

While you were testifying, I checked with our committee counsel, and one of the things that we ought to make really clear through your legislation, or in some way, is that any collusive bidding, any abuses or violations of Federal law——

Ms. Holtzman. Mr. Chairman, one of the things that has disturbed me is the failure of the Department of Agriculture to seek recoupment. I know at least of no case in which the Department of Agriculture has sought through a civil action to recoup any money that was wasted by sponsors or vendors, even in cases where fraud or waste is well documented.

There have, also, been no prosecutions brought, aside from one that I am aware of, for violations of Federal law in connection with the summer feeding program in New York City.

Mr. Simon. I, personally, am going to direct a letter to the Justice Department, and to our former colleague, Bob Bergland, suggesting that they take a look at this, because as you outlined, it seems to me that just in general, fraud against the Federal Government has been perpetrated.

Ms. Holtzman. There is no question about that in my judgment. Fraud took place on a massive scale, and this does discredit to the Federal Government because it was plain to the people of New York that funds were being wasted.

Mr. Simon. On your bill, if you would care to have a cosponsor on your bill, I would like to be a cosponsor.

Do you have any limitation on State administrative costs?

Ms. Holtzman. What we do is that we direct the Secretary to come up with a formula to change it. There is a limit of up to 1 percent, of the total cost of the program beyond the 2 percent already provided, or 2 percent of a reasonably projected level of program participation.

Mr. Simon. There is a limitation, good, because the fact that the States have not done anything, does not really commend—even though I realize the requirements in the regulations have not been what they should at the Federal level, the States really should have moved in on these things too.

Our committee counsel has just handed me a statement that the chairman read earlier, Chairman Perkins. He said:

> As we review the Summer Feeding Program, I want the committee members to be aware of the fact that the Department of Justice and U.S. Attorneys throughout the country are investigating abuses in the program. I encouraged the Department of Justice to make the most thorough investigation possible, and to bring action against any person who has defrauded this program.

So, apparently, there is a movement in this area, and I am pleased to see that.

Ms. HOLTZMAN. Mr. Chairman, we turned over every bit of information we had to the office of investigation. What I was talking about was the number of prosecutions that have been brought to date.

Mr. SIMON. One of the things that you say here, "In view of the enormous profits made by vendors." Do we have any documentary evidence that there have been enormous profits by vendors?

Ms. HOLTZMAN. One vendor in New York City, Mr. Chairman, I believe, was reported to have made over $1 million in profit from the summer feeding program last summer. This is the only specific figure I am aware of at this point, although we had hearings the other day in New York City, in which some vendors indicated that they grossed over $2 million over the summer, but they purported to say that they had no idea of what profits they made. However, the profits must have been good enough for them to come back because they were applying again to be in the program next summer.

Mr. ZEFERETTI. Would the chairman yield?

Mr. SIMON. Certainly.

Mr. ZEFERETTI. One of the things that I think is very important is even though the Justice Department is conducting an investigation; and there have been some indictments in New York City, is that there is no trigger mechanism in the law providing repayments. I think my colleague has spoken on this.

Mr. WEISS. If I may also respond to the statement from my colleague from New York. I appreciate his comment with respect to the law. But the Federal Government can recoup it, it is only that the Department of Agriculture has not made any efforts at this time to begin to recoup the money.

Even if criminal action cannot be brought, it seems to me that in many of these cases where there was definite waste and abuse, civil actions can be brought to recoup the money, but it has not been done to my knowledge.

Mr. ZEFERETTI. They have never attempted to. I think that this is an area in which the committee would be helpful.

Mr. SIMON. Would it serve a useful purpose, in your opinion, if we subpenaed some of these people to come down here, and we took a look at what has taken place?

Ms. HOLTZMAN. I think that it would be extremely helpful for this committee to learn first hand how the program actually operates.

You may run into some problems in that some of the vendors may be under investigation at this time. Aside from that, I think that the committee ought to get a sense of who is running this program, some of the so-called community groups that are running this program, and what the complaints have been.

Actually, the unfortunate thing is that the legitimate community groups have not been involved in this program to the extent that is necessary to make it work properly. Legitimate community groups would never serve rotten food to children in the neighborhood. Legitimate community groups would never throw food around. Legitimate community groups would never tolerate the existence of such programs as we have had in New York City, and that is one of the great problems.

Mr. SIMON. Mr. Quie.

Mr. **Quie**. I commend you for the work you have done. It sort of astounds me, as I said earlier, that we found this kind of criminal wrongdoing a long time ago in New York City. It is true that the Department of Agriculture has not done anything.

I like the requirement that you have placed here of screening and so forth. I cannot understand why responsible administrators don't do that. How could they ever tolerate a program that would yield a $1 million profit.

Ms. **Holtzman**. That was my feeling, too, sir. But I only found out about the problem in this program in the middle of the summer, toward the end of July. My efforts began at that time.

The Department of Agriculture, I understand, has been on notice for some years that there has been waste and scandal in this program, and failed on its own to take the necessary steps. It could have written strict, tight regulations from the beginning of this program.

It could have come to this committee and said: "Tighten up this legislation to avoid these catch-22 and incentive for waste" and so forth, but it did not do that. Instead, I think the attitude of the Department of Agriculture was:

> We don't really want this program, so the more mismanagement there is, perhaps the better our chances are of getting rid of it.

My understanding is that the Congress is committed to the objectives of this program and is committed to seeing that needy children are fed. But I think that it wants to see this done in a way that insures that children get decent meals, and also insures that there will not be this kind of scandal and waste.

Mr. **Quie**. I don't buy the theory that it was mismanaged intentionally so that the program would get so bad that it would fall of its own accord. There are a lot of criminals in the country, but I don't lay that at the door of the Secretary. This would really mean that it would have to come from the Secretary down through the other administrators. I would imagine that there would be some who would quit their job if they were required to do it. So, I would imagine that they were too busy doing other things.

We now have an outstanding Secretary of Agriculture, a person that I have nothing but confidence in on how he will handle it. But this is a big department, and one person cannot handle it all.

We ought to write the law so that there would be the least possibility of wrongdoing. I have noticed in the past that whenever you let somebody dream up a scheme where they, as a private operator, can run a program for a short time with Federal funds, we seem to attract some pretty evil elements out of our society. They always seem to come into the program where you are dealing with needy individuals.

I recall the neighborhood youth corps in New York, where they made off with $2 million, and the largest check was for $38, by having false jobs and false job locations. It is frightening what people can do.

We have to guard against that, because there are needy people who need those jobs, and needy children who need the food. I think that it behooves us to have the program very tight so that we can prevent that kind of wrongdoing in the future.

Thank you, Mr. Chairman.

Mr. **Simon**. Mr. Zeferetti.

Mr. **Zeferetti**. Thank you, Mr. Chairman.

I, too, want to commend my colleague from New York, who has really exposed the abuses in the program. They were really literally ripping it off piece by piece.

Earlier we were directing questions to the General Accounting Office relating to the separation of administrative costs from the type of feeding program, where it encourages throwing out food for the sake of profit. This profit, as you indicated, has reached as high as $1 million in certain cases, which is a staggering sum of money.

One aspect of the legislation which is worthy is the restriction on any individual that applies will automatically get a feeding program.

I don't see any restriction in the bill regarding vendors. Is there some reason for leaving them out?

Ms. **Holtzman**. It is not necessarily an oversight because we have recommended in regulations that there be authority to screen out vendors. The reason it was not placed in the language of this bill is that we tried basically to deal with the existing law, and change some small provisions of it. There is nothing in the existing law with respect to the screening or selection of vendors at all. This is left entirely to the competitive bidding process, as described in the regulations.

I think perhaps that your suggestion is a good one, and I certainly would see no objection to adding a provision authorizing, in fact requiring the screening of vendors for this program.

Mr. **Zeferetti**. Some testimony which was presented involved the vendors, and I am a little hesitant to leave them out of the regulations.

Ms. **Holtzman**. There may be some instances, I should point out also, where the sponsors really are not independent entities. They have been created by the vendors. So the elimination of those sponsors, and strict competitive bidding requirements would, in my judgment, take care of many, if not all, of the problems with the vendors.

As I said, the regulations right now, and I recommended this, permit States to screen out vendors. I think that this could also well be added to the legislation.

Mr. **Zeferetti**. I endorse the 1 year concept of the bill, giving it a trial period in order to see if tightening up is enough, or if, in fact, we might have to go further at a later time.

Let's face it; the type of abuses that we found in the city of New York are something that cannot be tolerated.

I would like to ask if you have recommendations or suggestions, on using the schools, as sponsor agencies for the program, as was recommended to us during Monday's hearings in New York.

Ms. **Holtzman**. My feeling is, of course, if you have legitimate groups within a community, who are concerned about the children of that community, then they might well run the best program. Unfortunately, legitimate groups have come into this program only in very small numbers.

Many of the people who have gone into the program, calling themselves churches, community groups, religious organizations, really are none of those things. They run the program solely for the purpose of making a profit, victimizing the children in the process.

I don't know that if you screened out every bad sponsor in New York City, and did not use the schools, whether you would have enough sponsors to reach all the needy children. Offhand, I have no serious reservations about having the schools run the program, if the objective is to reach as many needy children as possible.

Mr. ZEFERETTI. One suggestion that was given to us was utilizing the schools in the summertime as a piggyback method of providing recreational activities. Would you advocate that?

Ms. HOLTZMAN. Yes; I think that that would be very helpful. I think that if a child is really dependent on this program for food, the child will use the schools. The schools are, it seems to me, a much more pleasant environment than what I saw last summer. Children were sitting on extremely dangerous construction sites eating food and totally unsupervised.

It seems to me that schools can provide, in some respects, a much more healthful environment and an opportunity for the children to sit down while they eat.

I do not theoretically have any objection to the participation of the schools, although I understand there have been problems with the school lunch program. I think that their participation is warranted if we can't get enough legitimate sponsors to feed the children who are eligible for this program.

Mr. ZEFERETTI. I hope we can tighten up not only in New York City, but throughout the country. After all, the intent of the legislation is to provide a sound, nutrition program for children.

Thank you, Mr. Chairman.

Mr. SIMON. Mr. Buchanan?

Mr. BUCHANAN. Thank you, Mr. Chairman.

Mr. Chairman, I would like to join you and my other colleagues in commending our colleague from New York for her leadership. She is not only an outstanding Member of Congress, but she is doing an outstanding public service in this matter.

Ms. HOLTZMAN. Thank you.

Mr. BUCHANAN. I am also pleased with your responses to the questions pertaining to the GAO testimony, because it seems to me that between the bill that our colleague is planning to introduce this afternoon, and the proposal of the GAO, we may be able to put together legislation that may correct this problem nationwide.

I would hope that we would proceed immediately to do that.

Ms. HOLTZMAN. Let me say to my very distinguished colleague from Alabama that I would hope also that the committee would think seriously about authorizing the Secretary of Agriculture to engage in some pilot programs to see whether there are other ways to achieve this objective effectively.

Congress has often been criticized for becoming locked into programs. Here is a good example of a program that is not so big that it is totally unmanageable. It is a program that has had serious defects in the past, but has a very worthy objective.

I think that it would be extremely useful if we could step back and say, maybe we have not achieved the best method of dealing with this problem. Maybe we ought to try other methods on an experimental basis. Maybe we will find out that there is no better way to feed children during the summer than what Congress has already come up with, but maybe there are alternatives that will work better.

I would urge that this approach of seeking alternatives be adopted.

Mr. BUCHANAN. I would hope that this would be the case in the action taken by the committee.

Also I note that you did not propose, at least as I read it, criminal penalties. Maybe there is something worse than taking a program designed to feed hungry children and corrupting it as has been done, and turning it into some corrupt thing for profiteering. Perhaps there is something worse than that. But it seems to me that criminal penalties surely must be in order.

Ms. HOLTZMAN. I agree with you, and that is one of the things that I think the former regulations did not do. We consulted with the U.S. attorneys from the eastern and southern districts as to what they felt ought to be done in the regulations that would facilitate the prosecution of people who commit fraud in connection with this program.

The new regulations reflect this input. They require written certification with respect to the bidding process, with respect to the claims for reimbursement, and with respect to the number of meals served. These written certifications, according to these two U.S. attorneys, should strengthen their hand in bringing prosecutions. Perhaps there are other ways to do this, as well.

I share the gentleman's concern. I think that there is nothing that creates more contempt for a system of justice than to allow people, who have so obviously, flagrantly, and blatantly committed fraud, not to be prosecuted, not to be punished.

Anything that this committee could do in this respect, I think, would increase and enhance respect for the system of justice, and enhance respect for the operations of the U.S. Government.

Mr. BUCHANAN. I thank my colleague, and again commend her for her leadership.

Mr. SIMON. Mr. Weiss?

Mr. WEISS. I, too, want to commend you.

The Congresswoman has not only demonstrated her own capacity, but has given the country a sense of pride in Congress by the work that she has done.

As the investigation or the ramifications of your investigation are unravelling, it becomes clear that this is very much akin to the nursing home scandal that we have had in New York, with the interlocking kind of situation.

I just want to underscore what I think you said, which goes to the site and the sponsorship. Obviously, the schools are needed to provide the lunch program, but that you would have no reason to displace legitimate, local community, sponsors from continuous participation in this program.

Ms. HOLTZMAN. As long as we underline the word "legitimate," as long as we insure that, in fact, legitimate community sponsors participate, I think that it is all to the best.

I just have not seen that happen to the extent necessary, and it seems to me that the schools are going to be absolutely necessary if the children are going to be reached.

Mr. **Weiss.** My only concern is, knowing as you do, what happens in the large school bureaucracy. The program that we end up with, if the schools are the summer food distribution centers, a program that will not be subject to the kind of abuse which you have uncovered, but that the abuse would be that the children would not be getting food that they would eat.

Ms. **Holtzman.** They have not been getting food that they can eat under the present program, from most sponsors. They have been subjected to food that has been prepared under unsanitary circumstances, food that has not been inspected, food that is rotten.

At the hearings in New York City we had people testifying that food was put out in the sun. They were served frozen food that was left in the sun, food that was days old, and so forth.

I think the real tragedy is that there were needy children in New York City who had to eat the food that was provided in this program, and that is a real disgrace.

Mr. **Weiss.** Thank you, Mr. Chairman.

Mr. **Simon.** We thank you very much. We appreciate your testimony, and your leadership in this area.

Ms. **Holtzman.** Thank you, Mr. Chairman and members of the subcommittee, for this opportunity.

Mr. **Simon.** Our next witness is Dr. Calvin, and Mrs. Steinberger. Would you come to the table please.

You may proceed as you wish, you may read your statement, or if you prefer you may have it made a part of the record, and highlight certain points.

STATEMENT OF THOMAS H. CALVIN, ASSISTANT DIRECTOR, FEDERALLY AIDED PROGRAMS, DIVISION OF EDUCATIONAL FINANCE, NEW YORK STATE EDUCATION DEPARTMENT

Mr. **Calvin.** Thank you, Mr. Chairman.

I have a prepared statement, which I would like to have entered in the record, and then I would summarize, if I may.

Mr. **Simon.** The statement will be entered in the record.

[Statement of Thomas H. Calvin follows:]

Statement By

Thomas H. Calvin
Assistant Director, Federally Aided Programs
Division of Educational Finance
New York State Education Department

Before the

Subcommittee on Elementary, Secondary, and Vocational Education
U. S. House of Representatives

on

H. R. 1139

Wednesday, March 23, 1977
Washington, D.C.

Mr. Chairman and Members of the Committee:

Thank you very much for this opportunity to comment on the Summer Food Service Program for Children. The Division of Educational Finance is the unit of the New York State Education Department which has the responsibility for the administration within the State of New York of the United States Department of Agriculture, Food and Nutrition Service, Child Nutrition Programs. As Assistant Director of that Division, it is my charge to see that each of the programs entrusted to our unit is properly administered and to seek timely adequate funding. It is in this capacity that I appear before you today.

The Summer Food Service Program for Children is unique in many ways and its size in New York State requires a person with no other administrative responsibilities to administer. I therefore have appearing with me today Mrs. Carol Steinberger the Coordinator of the 1977 New York State Summer Food Service Program for Children.

The New York State Education Department has administered the National School Lunch Program since its inception in 1946. Through the years the program has expanded to include the Special Milk Program, the School Breakfast Program, and the Non-Food Assistance Program. Each year the level of state and federal funding increases as continuing efforts are made to extend the benefits of nutritious meals to all children, but with a growing emphasis on feeding the needy. As a result, the scope of the Department's child feeding operations has grown over the years to its present level.

At the present time children participating in the Lunch Program each day number approximately 1,400,000 in 4,950 school buildings under programs operated by 950 sponsors. In addition, 70,000 children are being served breakfasts in 1,100 buildings in programs operated by 150 sponsors. Also, 600,000 children are served milk daily in school buildings in which other food services are not provided. These programs involve the expenditure of over $300 million. Federal funds in support of this expenditure amount to $115 million for the Lunch Program, $7 million for Breakfast, $11 million for Special Milk, and $2.5 million for the Non-Food Assistance Program. The Non-Food Assistance Program is designed to provide equipment to make possible the start of feeding programs where none has previously existed, or to replace old and worn equipment in schools serving children from deprived areas. About 500 schools share in this program, and about half of these are being operated by non-public school authorities while the remainder are located in public school districts.

To this rather impressive total of federal funds, which increases annually, the State of New York is presently providing $19.3 million for the Lunch and Breakfast programs. This appropriation increases periodically in order to meet Federal matching requirements. The remainder of the more than $300 million expenditure comes from the sale of meals to children and from local subsidies for the various programs.

It is to these operations, which are administered through the Bureau of School Food Management, that the Summer Food Service Program for Children was added. Although the summer program is a large and complex operation with many attendant problems, it is important to note that the Bureau has administered successfully the largest school lunch program in the nation for over 30 years. Administration of the Summer Food Service Program for Children was assumed in consideration of our continued interest in the nutrition of the children of New York State.

During the summer of 1976 there were many good programs throughout the State and City of New York where the children were fed wholesome meals in clean well-kept sites, where proper records were maintained, and where there was a strong feeling of commitment from service institutions, vendors, and site personnel.

There have been administrative and operational problems throughout the short history of this program. Most of these problems have been the result of three administrative and legislative factors. They are:

(a) Lateness of legislation and of issuance of regulations:

Example. Public Law 94-105 which greatly modified the funding and operation of this program (as well as the other child nutrition programs) did not become law until October of 1975. Proposed United States Department of Agriculture regulations were first printed in the register on January 6, 1975 and final regulations were not printed until March 5, 1976.

(b) Uncertainty of funding:

Example. In each of the years since 1970 the funding was a given amount with each State's share being based on estimates from Service Institutions. In the 1976 program the funding was changed to "open-ended performance funding" but was still based on estimates made by service institutions. In additien for 1976 the State agency's administrative funds will be based on the total amount disbursed in the State which will probably not be known until the spring of 1977 at the earliest.

(c) Withholding of reimbursement for long periods of time after program has concluded operation.

Examples. In 1971 and 1972 the U.S. Department of Agriculture ordered the State agency to withhold payments (in July) to all service institutions in New York City while their auditors reviewed the claims. Again in 1973 the Department of Agriculture withheld payments to the one service institution they were auditing. In each case the final payments were not made until more than a year after the program in question had been completed.

Once again in 1976 the United States Department of Agriculture in July attempted to withhold payments from all service institutions in New York City and has now ordered the State agency to stop any further payments for New York City service institutions until each claim is reviewed by the Office of Audit (USDA).

It is interesting to note that for all the millions of dollars originally withheld less than 3% of the total has ever been finally withheld as a result of audit or monitor findings.

This particular tactic has had the effect of greatly increasing the cost of the program since most prospective vendors are aware of the problem and automatically charge the maximum amount for reimbursement. It also tends to discourage vendors which provide high quality food from participating in the program. They cannot afford to take a chance on receiving less than full reimbursement. Vendors which provide lower quality and lower cost food, and less costly food delivery services, are more willing to take chances on reimbursement.

The Summer of 1976 program has been no different. As noted above, the legislation (P.L. 94-105) was passed over the President's veto on October 7, 1975. Proposed regulations were published in the Federal Register on January 6, 1976, and final regulations were released on March 5, 1976 (41 F.R. 9531).

On February 17, 1976, the Education Department was officially notified that funds for the administrative costs incurred in this program would initially be based on two percent of the funds authorized for the calendar year 1975 (when the program had been administered by the Mid-Atlantic Region of the Food and Nutrition Service of the United States Department of Agriculture). This amounted to two percent of $28,276,000 or $565,340 of which $188,447 was released at that time. Also, at that time the following statement was made: "Final figures, of course, will depend upon calendar year 1976 operations."

The last sentence indicates the uncertainty of the funding of the State's administrative costs. The program in previous years had consisted of the serving of one meal while the new legislation broadened the scope of the program to include serving breakfast, morning supplement, lunch, afternoon supplement, and supper. Nobody in the Education Department or in the Department of Agriculture could do more than "guestimate" the size of the program for the Summer of 1976.

As the planning process began, the Education Department was acutely aware of the many problems it had encountered in the 1971, 1972, and 1973 programs, as well as those encountered by the United States Department of Agriculture during the summers of 1974 and 1975. The Department attempted to resolve the two major problems:

(1) Encourage Service Institutions with demonstrated ability to enter into the program, and

(2) Limiting the number and type of sites.

The initial step taken in these areas was an attempt to get the New York City Board of Education to act as the major Service Institution and to utilize public school buildings as sites.

This effort was unsuccessful since the board determined that the funding available would not be sufficient to cover the administrative costs involved and that the city did not have any local funds it could make available. This decision forced the Education Department to work with Service Institutions, some of which were the same ones that had problems in previous years. Data concerning the management capabilities of sponsors in 1975 were not available on a timely basis from the United States Department of Agriculture.

The lateness of the regulations, the uncertain funding, and New York City's decision not to participate combined in forcing us to hire and train a large staff in a very short period of time. Initial meetings were held with prospective Service Institutions and Vendors on April 7 and 8 in New York City, April 9 in Albany, April 13 in Buffalo, and April 14 in Syracuse to familiarize those interested in the new regulations and the overall administration of the program. Subsequently, more than 240 Service Institutions submitted applications indicating their desire to participate in the program. Each of these service institutions was visited by State personnel. In New York City, State personnel were augmented by staff from the regional office of the United States Department of Agriculture.

After approval, site applications were distributed to the Service Institutions (more than 10,000 forms distributed in New York City). As the forms were returned, the sites were visited and approved. Eventually about 6,000 sites were initially approved in New York City. During the same period of time the Service Institutions were to prepare bid specifications and announcements and enter into contracts with vendors and suppliers for the preparation and delivery of meals.

As the program began operation, it soon became apparent that the sponsors and vendors were not all adhering to the regulations relative to:

(1) Feeding children only (many reported instances of adult consumption of meals at site and off);

(2) Off-site consumption by children (reports of children leaving sites with single and multiple meals);

(3) Quality food;

(4) Complete meal delivery;

(5) Adequate recordkeeping by Service Institutions and site personnel;

(6) Bid procedures.

These problems were identified by State Education Department employees and by United States Department of Agriculture monitoring teams and auditors. They were also being reported to members of the Congress by citizens throughout the City of New York. As these reports were received, the Education Department attempted to make corrections by lowering the approved number of meals and, in some cases, by the closing of sites. This action initiated complaints having two opposite points of view (1) those espousing that the Education Department should terminate sites, and close the program if necessary to assure strict adherence to federal regulations, and (2) those espousing that the program should be continued to assure that the children would be fed even though there were some violations of federal or state regulations.

Therefore, the Department was faced with conflicting pressures as to strictly adhering to the regulations with resultant termination of most of the program in New York City and/or attempting to modify their activities in a manner that would continue the program and allow the children to be served. In this instance, the administrators felt "damned if they did and damned if they didn't". They, nevertheless, proceeded to close about 2,000 sites because of violations, reduced the numbers of meals served at many others, and eliminated morning and afternoon supplements entirely.

In addition to the problems listed above, there were others relative to the procedures established by the Congress concerning reimbursement for this program. The law and the regulations provided that the administering agency (State Education Department) must make advance payments to service institutions prior to the first of July and prior to the first of August equal to 65 percent of what was estimated to be needed during each of those two months. The initial estimates utilized by the Education Department were based on information received from the service institutions in late May and early June. These estimates were based solely on sponsor-estimated numbers of children to be served and sponsors' estimates of the number of meals that would be served.

Due to the length of time needed to process these advance payment claims for the month of July, the estimated amount had to be established prior to the 15th of June. Based on the experience of previous years, the Department knew that the service institutions' estimates would be high; therefore, an attempt was made to arrive at an amount that seemed reasonable for each of the service institutions. During the month of July the service institutions were required to submit an application for advance payment for the month of August. Once again, the Department reviewed these applications and arrived at a dollar amount that seemed reasonable based on information relating to the service institutions' first week of operation.

(It should be noted that in the period between January 6, 1976 and the publication of the final regulations, on March 5, 1976, the Education Department made strong protests relative to the impossibility of making valid judgments concerning advance funding for the program.)

There were still other problems that led to administrative difficulties. One was the inclusion of residential camps as eligible agencies in this program for the first time. Another was the vagueness of the regulations relative to approval of service institutions and to the eligibility of children, which led to many difficulties throughout the rural and suburban areas of the state.

There will continue to be problems in this program under present legislation and regulations. In this vein Mr. Edward Hekman, Food and Nutrition Administrator, United States Department of Agriculture, in the July 22, 1976 edition of the New York Times aptly cited in particular New York City's use of private, non-profit sponsors to handle the program at the 4,700 local sites, rather than using agencies or schools as other major cities do. He said, "The only way to correct the problem is to deal with sponsors who are responsible--and hopefully governmental units that are responsible. It'll be just the same thing next year unless the legislation is changed."

In summary, there were problems inherent in this program which made it difficult to properly plan, organize, and operate the program. These problems revolve around untimely legislation and regulations, uncertainty of funding, some irresponsible service institutions and vendors, and lack of authority in limiting the number and type of sites.

There will probably be continuing problems with this program. However, proper and complete advance planning, coupled with appropriate and necessary changes in the federal program regulations, are essential. The support of the United States Department of Agriculture, the Congress, and the Executive Branch of the government of the State of New York will be important in making this program viable.

The Education Department had reviewed the proposed regulations as they were published in the Federal Register, Vol. 41, No. 246 on Tuesday, December 21, 1976. As a result of this review, a letter was sent on January 12, 1977, to the Food and Nutrition Service with suggested changes in the proposed regulations. On March 1, 1977 the final regulations relative to the Summer Food Service Program for Children were published in the Federal Register, Vol. 42, No. 40. These regulations have again been reviewed by the staff of the Education Department. We have prepared an analysis of the new regulations which indicates whether the problems experienced during 1976 and previous years have been addressed through the regulations.

Problems Addressed by Regulations.

1. Criteria and priorities for approval of service institutions.

Previous regulations relative to criteria for approval of service institutions were very general and did not provide adequate direction for the State Agency. The new regulations establish criteria and priorities for approval of service institutions which will help all administrative agencies to more adequately administer the program. (The New York State Program Management and Administration Plan for the 1977 Summer Food Service Program for Children provides for a system of priorities and more specific criteria for the 1977 program.)

2. Criteria and priorities for approval of sites.

Previous regulations while indicating some criteria for the approval of sites were too general in nature and the new regulations provide for more intensive criteria and priorities.

3. Establishment of maximum number of sites and service institutions within a geographic area.

Previous regulations while defining areas of economic need did not address the problem of numbers of children residing in such an area or the question of duplication of sites within a particular geographic area. The new regulations more adequately address this problem.

4. Registration and approval by administering agency of prospective vendors.

Previous regulations did not address the relationship of the State Agency vis-a-vis the sponsor and subsequently the vendor. Many vendors have complained over the years that this lack of a relationship between the State Agency and the vendor tended to create many problems. The new regulations do provide that a State Agency may approve prospective vendors. (The New York State Program Management and Administration Plan for the 1977 Summer Food Service Program for Children provides for the state to approve vendors and also calls for the establishment of a liaison between the state and vendors.)

5. The administrative agency supervision of contract and bidding procedures.

During the 1976 summer program allegations relative to improper bid procedures and possible collusions between sponsors and vendors were rampant. The new regulations provide for the supervision of the contract and bidding procedures by the state agency and also provide for a mandated state contract. (The New York State Program Management and Administration Plan for the 1977 Summer Food Service Program for Children in each of the above areas provides for controls similar to or in addition to those provided as discussed above.)

Problems Not Addressed by the Regulations or Inadequately Addressed by the Regulations

a. Advance funding.

Due for the most part to the history of late payment of claims in this program with resultant higher costs, the legislation provided for the payment of advances to service institutions during the 1976 program. The original regulations mandated the payment of 65% of what the state agency felt each service institution would require during a particular month. During the summer of 1976 it became apparent that many service institutions inflated the amounts that they felt they needed to operate the program for the period to be covered by the advance. The New York State Education Department attempted to limit the advances to assure the safety and accountability of the advance funds. However, the submission of the final claims subsequent to termination of the program in September indicates that some service institutions received more money in advances than their total program generated. The proposed regulations provided a greater degree of state control over the advance payments. The final regulations while changing the effective date of the advances again mandates a given figure and does not provide the state agency the needed control. This state agency therefore feels that the wording contained in proposed regulation 225.13(c) which stated that "each month's advance program payment to a sponsor shall be in an amount to be determined by the state agency or FNSRO where applicable" should be reinstated in the final regulations.

b. Excessive or unauthorized meals.

One problem found during the 1976 summer and in previous summers has been the ordering of meals in excess of the number needed with the resultant waste of food in some cases, as well as possible non-payment to vendors for meals that were actually delivered by the vendor based on orders received from the service institution. The proposed regulations section 225.11(b)(6) states "increases and decreases in the number of meal orders may be made by the sponsor as needed within a period of prior notice mutually agreed upon". This state agency indicated in its January 12th letter that an effort should be made to assure that the number of meals contracted for and delivered are in direct relationship to the number of children to be served and that this regulation should be modified to provide that "substantial increases in the number of meals ordered for a site may be made by the sponsor with the written consent of the state agency or FNSRO where applicable, as needed, within a period of prior notice mutually agreed upon". Without the addition of the state agency's review and approval, there is prospective waste of food and the resultant loss of reimbursement to vendors who are simply following the directions of the service institution.

Changes Required in Legislation

a. State administrative expenses.

The present law and regulations tie the amount of funds for state administrative funds to the total amount disbursed to service institutions during the fiscal year. This amount at best can only be a guess, since the actual amount disbursed will not be known until after the fiscal year is ended. In addition, the amount available to the state is reduced by any reduction in the total disbursed as a result of audit exceptions or reductions in participation during the summer. This state agency utilizing the best information available when preparing the 1976 administrative plan and its budget estimated that the total amount of funds to be disbursed in New York State as result of the 1976 summer program would be $70 million. Information contained in claims (not audited) now indicate that the total amount disbursed by the state for this program will be approximately $55 million.

In addition to the problem of estimating the total size of the program, the present legislation provides that funds for the state's administrative expenses shall be limited to 2% of this total disbursed to service institutions. As stated above, this state agency in preparing the 1976 administrative plan estimated the 1976 summer program at approximately $70 million. Two percent of this figure would generate $1.4 million for the state's administrative expenses. The budget submitted with the state plan therefore called for an expenditure of this amount of money. Using the data from the claims which were submitted long after the program had ended, it appears that the state would have only $1.1 million to cover the costs contained in the budget calling for $1.4 million. Since this claim information cannot be available until long after the actual serving of food has ended, it is felt that this legislation should be changed.

It is recommended that the legislation and regulations be changed to provide a guaranteed amount (such amount to be determined by the United States Department of Agriculture on the basis of the experience of the previous year and state agency estimates for the current year) but in no case less then the larger of 2% of current year's estimated total program costs or 2% of the actual program costs for the previous year.

b. Relationship of service institution administrative monies and meals served.

Present regulations and legislation provide that the service institution shall receive a given amount per meal served for its administrative cost. This legislation encourages service institutions to attempt to serve more meals at more sites than it can adequately supervise in an attempt to assure sufficient funds for administration. It is therefore recommended that the legislation be changed to provide that administrative funding for service institutions be based on a budget submitted to and approved by the state agency. The state agency in conjunction with the Regional Office of the United States Department of Agriculture would establish guidelines for numbers and salaries of staff as well as for other administrative costs.

This concludes my statement and I thank you for the opportunity to have appeared before you. Mrs. Steinberger and I will be happy to reply to any questions you may have or to expand on any points already made.

Mr. CALVIN. The program in New York, as you know, is by far the largest in the Nation. We estimated earlier in the year that the program would run approximately $70 million. It appears now that it is only going to run around $55 million.

It may still seem somewhat out of line, but it appears that we are not going to have the program the size that we thought we would have.

I don't think that we ought to go over the problems that were encountered in New York. They are pretty much a matter of public record. The sites that did not conform with the regulations. Sponsors who did not follow the regulations. Vendors who apparently have made tremendous amounts of profit out of this program.

However, in reviewing the legislation, and in reviewing the changes in the regulations, we find that many steps are being taken to help us in better administering this program.

It appears that many of the statements that have been made this morning are pretty much the same statements that we have in our presentation. It seems rather strange to me that half of the things that are in the regulations, or the proposals by the GAO, and the statements that were made by Representative Holtzman, are basically the same things that we have.

Our problems are well known. We have looked at these things. We have hired Mrs. Steinberger to administer the program in 1977, based on her experience in New Jersey.

We have not been able to keep a staff on for the whole year, so this in itself has created another problem.

I would like to go back to my statement, and talk about the problems that we have seen which have been addressed by the new regulations and areas that have not been addressed by the regulations, and some of the changes in the legislation.

First: Criteria and priorities for approval of service institutions and sponsors. In the old regulations, the criteria for this were very general, and did not provide adequate direction for the State agency. So, the new regulations do establish criteria and priorities for approval of these institutions, and we feel that they are a step in the right direction.

We also feel that it should be pointed out that all of the criteria that are in the new regulations were contained in the State's plan for 1977, which was completed prior to the issuance of the proposed regulations, or the final regulations.

Second: The criteria and priorities for approval of sites, the previous regulations were again very general. They did not help the States in the approval. We feel the new regulations do provide more intensive criteria and priorities.

The next step was the establishment of the maximum number of sites and service institutions within a geographic area. In previous regulations, while they defined the areas of economic need, they did not address the problem of numbers of children residing in such an area, or the question of the duplication of sites.

The new regulations adequately, or more adequately address this problem. In New York State we are using census tract data. We have been able to determine how many children are living in the various areas, and the number of children who are eligible for this program.

We feel that with this additional criteria many of the problems relative to the numbers of children being served will be addressed.

On the registration and approval by the administering agency of prospective vendors, previous regulations, in effect, did not talk to the problem of the relationship of the State agency to the sponsor and subsequently to the vendor. The relationship has been established only with the State agency and the service institution.

In New York State we have provided for a review and approval of vendors prior to the time of bid. We will not allow vendors who do not meet our criteria to submit a bid under this program.

We have also established a liaison, calling for liaison between the State agency and the vendor organization after the contracts have been awarded.

One of the problems last year related to the administrative agency or the State agency supervising the contract and bidding procedures. While we provided a prototype contract last year, and suggested that this contract be utilized by the sponsors, we were not able to get our legal counsel to authorize us to mandate a contract.

However, this year, we are mandating a State contract, and it is being reviewed at the present time by our office of counsel. It is typed, and should be about ready to go.

Now, the problems that were not addressed by the regulations, there is one that was referred to quite a bit today, and that is the question of advance funding.

The present regulations and the law require that the State look at the amount of money that a sponsor says they need for a month of operations, and pass on 65 percent of what the State agency feel they need.

With this type of statement, we were able last year to, in an attempt to reduce the amount of money going out, look at each sponsor's claim of advance payment, and came up with a figure that was not 65 percent, and not even 57 percent of what they asked for. But it was a figure that we felt, based on the information we had, was a reasonable figure for a sponsor.

Now, because these estimates have to be done in June, in order for us to process the July ones, we have to have the information come in May. At that time, the sponsors were only able to estimate what they might be using. We feel that the regulations still do not address this adequately because while the final regulations change the effective date of the advance, they still do not give the State agencies the needed control.

We feel that the regulations should state that the advance payments shall be in amounts to be determined by the State agency or the regional office of the U.S. Department of agriculture, where applicable.

We feel that this should give us the right and the ability to control the amount of money that goes to a particular sponsor.

Another area that was not addressed by the regulations, the proposed regulations or the final regulations, is excessive or unauthorized meals. One problem found in the 1976 summer and in the previous summers, has been the ordering of meals in excess of the number needed with the resultant waste of food in some cases, as well as possible nonpayment to vendors for meals that were actually delivered by the vendor based on orders received from the service institution.

Now, in point of fact, the State has made every effort to assure that we do not pay for meals that were not delivered by looking at records, and reviewing the claims. At the present time, we are only paying 20 sponsors in New York City for the 1976 operations, and there were 126 sponsors in New York.

Every claim for New York City goes to Washington and is reviewed. Of the 20 claims that we have submitted to Washington, the State has recommended withholding approximately $2 million from the sponsors.

So we are making every effort to decrease the amount of money that may be lost or may be erroneously paid to sponsor, but we feel that the regulations do not give us enough control.

One statement that is in the regulations at the present time says: "Increases and decreases in the number of meal orders may be made by the sponsor as needed within a period of prior notice mutually agreed upon."

It is our contention that State agencies should be given the authority to say, no, to the sponsor when he wants to increase the number of meals. So we feel that the wording should be changed to state something that says: "substantial increases in the number of meals ordered for a site may be made by the sponsor with the written consent of the State agency."

This is in an effort not to allow the sponsors to go out and change the number, and telling the vendor: "Look, I know that we have only 200 kids there, but I want you to deliver 300 meals. Then, you will get paid for your 300 meals, and I will get paid for my administrative money."

We feel that we have to have the control to tell the vendor, "Now, you cannot send more than 200 meals for that site, and if you do send more than 200 meals to that site, you will not get paid for those meals."

Then there are some changes required in the legislation toward the end of my statement. One which has been addressed earlier is the State administrative expenses.

The present law and regulations tie the amount of funds for State administrative funds to the total amount disbursed to service institutions during the fiscal year. We have to make our budget up, in order to meet the February 15 deadline, in November.

We submit this budget with our State plan, and it is based on an estimate of what we are going to spend next year. This year, as I said, we thought that we were going to have a $70 million program, and we made the budget up calling for $1.4 million in funding to cover State expenses.

At the present time, we have programs that only total $55 million. Two percent of $55 million gives you $1.1 million. We have currently spent $1,357,000 in an effort to administer the program. So I have already spent more money than seems to be coming to me by better than a quarter of a million dollars.

We are really in a situation where we do not know where that money is coming from, and we don't know how we can really plan a program that we will not know until next year, at about the same time, how much the program is going to cost.

It makes it very difficult for a State to do any adequate planning when our administrative money is based on this type of a treatment, or requirement.

The same thing relates to the relationship of the administrative moneys toward the sponsoring agencies. Again, as it has been said earlier, the present regulations provide that the sponsor's administrative money is covered by the number of meals they serve.

We feel that this does lend itself to sponsor increasing the number of meals they are going to serve, so that they can get more administrative money.

So the law should be changed to provide that the administrative funding for the service institutions be based on a budget similar to the State budget, and approved by the State agency. That the State agency in conjunction with the regional office of the U.S. Department of Agriculture should establish guidelines for numbers and salaries of staff as well as for other administrative costs.

This concludes my statement, and I thank you for the opportunity to appear here.

Mr. SIMON. I think that we will hear from all three witnesses, and then let the committee members ask questions.

Ms. Steinberger, do you have anything to add to Dr. Calvin's statement?

Ms. STEINBERGER. No; I don't. The statement was prepared by both of us.

Mr. SIMON. Mrs. Goldman, would you like to proceed with your statement? Your complete statement will be made part of the record at this point.

[Statement of Kathy Goldman follows:]

COMMUNITY COUNCIL OF GREATER NEW YORK

225 Park Avenue South • New York, N.Y. 10003 • (212) 777-5000

STATEMENT BEFORE THE HOUSE COMMITTEE ON EDUCATION AND LABOR, SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION, BY KATHY GOLDMAN, DIRECTOR OF CHILD NUTRITION PROGRAMS FOR THE HUNGER TASK FORCE, COMMUNITY COUNCIL OF GREATER NEW YORK, AT A HEARING IN WASHINGTON, D.C., MARCH 23, 1977.

Chairman Perkins and Members of the Committee:

While we are aware of problems in other parts of New York State and the United States, our comments are based on the history and experience of the program in New York City.

My name is Kathy Goldman, and my experience with the Summer Food Service Program for Children goes back to 1971, when I was the administrator for the community group that sponsored the first summer meals program in New York City. In that first year and in 1972, we fed nearly 250,000 children daily in all five boroughs. In 1973 and 1974, I was Food Service Director for School District 1 in Manhattan, and operated the year-round and summer meals program. In 1976, under the auspices of the Community Council of Greater New York, we monitored the Summer meals program in New York City.

You have copies of our monitoring report. Many of our recommendations were incorporated in the new regulations, and we hope they will influence future legislation.

Our monitoring report is our testimony here, as its recommendations are comprehensive. I wish to highlight aspects of our findings for this hearing.

Two main points must be made at the outset:

** Congressional recognition of the desperate need for this program is reflected in the Child Nutrition Act of 1975.

Literally hundreds of thousands of children (we estimate nearly 2 million eligible in New York City) would go without food, or end up eating potato chips and soda instead of nourishing meals if it were not for this program.
With the current economic situation, the need is intensified and the program must continue.

** The summer meals program has worked and it can work. It is a program that needs correction and control, but it is a program which must survive. It can be an effective program, reaching hungry children, free from scandal and corruption.

Now to specifics

1. THE UNITED STATES DEPARTMENT OF AGRICULTURE MUST DEVELOP A SYSTEM OF ON-GOING MONITORING AND OVERSIGHT OF THE STATE AGENCY OR FOOD AND NUTRITION SERVICE REGIONAL OFFICE THAT WILL GUARANTEE A WELL-RUN PROGRAM.

   No matter how well drawn, specific or near-perfect the legislation and regulations are, they are only as good as the administering agency that carries them out.

   In New York State, neither the Regional Office nor the State Education Department has a good record of past performance. But USDA must take responsibility for inadequate supervision.

   We are not just suggesting that USDA monitor the summer meals program during July and August. We are proposing step-by-step monitoring of the planning and pre-program process.

   If no State Agency takes responsibility for the program, and the Regional Office is to run it, the USDA in Washington must take as critical an approach to the Regional Office as it would to the State Agency.

2. TIMETABLE

   a/ THE STATE AGENCY MUST MAKE A DEFINITE COMMITMENT TO ACCEPT OR REJECT RESPONSIBILITY FOR ADMINISTRATION OF THE PROGRAM BY OCTOBER 15th OF THE PREVIOUS YEAR.

   This would give the State Agency time for proper planning, or give the Food and Nutrition Service Regional Office time to plan if they will be the administering body.

   The current situation in New York State is a case in point. To date, the Board of Regents, the policy making body that oversees the State Education Department, has still not made a definite commitment to permit the State Education Department to run the 1977 program. They are concerned about the fiasco of the 1976 program, and want to make sure there can be a well-run program. In addition, they want guarantees that there will be no administrative cost to New York State.

   Meanwhile, the State Education Department has been proceeding as if they will be running the program, with full staff functioning, sponsor approvals proceeding, etc. All parties are waiting for a decision of the Board of Education in New York City as to whether or not they will operate a portion of the program.

   So it is still possible that the Regional Office will find in April that they must suddenly take on the program. This is an impossible situation, and cannot be permitted to happen again, in New York or in other localities.

b/ AN INTERIM STATE PLAN MUST BE PREPARED BY NOVEMBER IN ORDER TO PERMIT THE USDA TO WORK WITH THE STATE AGENCY OR THE FOOD AND NUTRITION SERVICE REGIONAL OFFICE TO GUARANTEE PROPER PLANNING.

While final plans must be approved by various state agencies, February 15th is much too late for approval or disapproval of the planning process.

A critical evaluation of the preliminary State Plan by USDA, in terms of past experience, function of program, adequacy of planning and precision of approach to expected problems and budget, must be completed months before the February 15th deadline.

Once both agencies determine that the plan is adequate to meet the challenge and problems of the program, USDA can make sure the State agency is adhering to the plan.

3. SPECIFIC STANDARDS FOR FOOD QUALITY AND NUTRITION CONTENT OF MEALS MUST BE ESTABLISHED.

We have found that the 'Type A' framework for meal requirements is inadequate for the Summer Meals program.

Within that framework, we have seen children receive such low quality, unappetizing food that it is hard to believe.

We feel that it is unconscionable to pay out millions of dollars to vendors, without holding them strictly accountable to deliver high quality food. We cannot permit some vendors to continue to use anything from a 6c egg to two ounces of cottage cheese or the lowest grade luncheon meat to meet the 'Type A' requirement.

We feel it is possible to require high standards of specification for the various components of the meals. Appendix 9 in the Monitoring Report is a list of basic specifications worked out by our Summer Meals Committee with reputable vendors and suppliers. Certainly, working from this base, requirements can be incorporated in the regulations that guarantee food quality to the children.

It is our opinion that the best solution for the program would be self-catered sites, programs that would prepare their own food.

Second choice would be that small groups in a community, working together from one kitchen facility in a church or community center, or working with a local caterer, would prepare food for 1 to 20 groups in that area. We are sure the quality of the program would be greatly improved.

While we are hopeful that this will be the future of the program, we are aware that for the large-scale type of program necessary to meet the needs of the hundreds of thousands of children in New York City, we must continue to rely on large vendors and sponsors.

The new regulations have strengthened the controls in the program, but we would make further suggestions:

4. VENDORS

a/ MECHANISMS FOR LIMITING VENDOR PROFITS SHOULD BE DEVELOPED.

Food quality controls will automatically serve to limit vendor profits, as they will not be able to get away with serving cheap foods.

We recommend that a fixed percentage of the total operating expense allocation be earmarked for food.

The State Education Department, in its guidelines for the School Breakfast Program, requires that 55% percent of the total per meal allocation be spent on food. A similar regulation here would guarantee a high standard of food quality, and would automatically preclude vendors from making super-profits.

We urge that if it is at all possible, the prosecution of sponsors and vendors and others who engaged in illegal activities in connection with the 1975 and 1976 programs take place before the 1977 program begins.

We are sure this would be a major deterrent to anyone contemplating mis-use of the summer program.

There are many reliable and decent vendors in this program. They give high quality-dollar value to the sponsors and children. Many of them suffer from a variety of problems caused by unscrupulous vendors. Nevertheless, regulations must be made to control those who reap windfall profits at the expense of the children.

We call your attention to the attached sheet, which is copied from a bid by Road Chef, Ltd., for a breakfast program contract. (page-5)

As you can see, Road Chef admits to making a net profit of $926,500 in the 9 weeks of the 1976 summer program.

Our monitors found severe problems with Road Chef, and only after extensive clean-up did the Health Department allow them to continue operations. But the inspections did not occur until August, and we had received many complaints of low quality and dirty food received by sites serviced by Road Chef. Nevertheless, they made a 25% net profit. This is why we are concerned about profits.

The following information was copied from a public bid by Road Chef Ltd., for the contract for the Community School District 3 Manhattan school Breakfast Program.

The statement was marked Exhibit B, and stamped by Meyer Zimmerman, Certified Public Accountant.

Statement of Income
for Nine Weeks Ended September 3, 1976

Sales		$3,888,400
Cost of Sales		
Purchases - Food Products	$1,969,500	
Payroll - Production and Shipping	354,000	
Payroll Taxes	30,000	
Trucking, freight, Gas	193,500	
Milk Crates - deposits	30,200	
Paper Supplies & Packing	101,700	
		2,678,900
Gross Profit on Sales		1,209,500
Operating Expenses		
Rent	11,650	
Office Payroll	16,500	
Outside services	37,200	
Equipment rental	6,000	
Travel and entertainment	12,600	
Storage	6,600	
Security Protection	11,200	
Professional services	13,550	
Liaison expenses	3,300	
Insurance	13,600	
Utilities	7,400	
Auto Rental	3,300	
Telephone	3,700	
Advertising	6,400	
Commisions	52,000	
Maintenance and Repairs	18,100	
Depreciation	6,800	
Rubbish Removal	8,200	
Dues	1,400	
Data-Processing	3,700	
Sundry Expenses	39,800	
Total		283,000
Net Income for Period		926,500
Distribution to Stockholders		390,000
Net undistributed Profit		536,500

b/ ADDITIONAL CONTROLS MUST BE PLACED ON THE VENDORS WHO SERVICE THE SUMMER MEALS PROGRAM.

Some of the new regulations already in effect this year, specifically the control of bidding procedures and contract requirements, the strict state agency scrutiny of vendors prior to the program, will go a long way to help control vendors. Control of sponsors will also prevent the collusive situations that caused so much of the abuse of the program in previous years.

All vendors must be evaluated for capability of service, especially vendors new to the program. New vendors should be limited to a smaller number of total meals provided for the summer meals program, regardless of the number of sponsors they service.

Only prime vendors, who assemble and deliver the entire meal, should be allowed to participate in the program. Last year, our monitoring project found that some fly-by-night operators functioned out of garages, where they put together sandwiches purchased from one producer, milk from another vendor, juice and fruit from others The sponsor could not visit or inspect the plants responsible for the food.

Vendors should be screened and approved based on past history in the summer meals program.

An outreach program by the State Agency aimed at finding more vendors, and bringing small and minority vendors into the program must be mandated.

c/ HEALTH CONTROLS AND INSPECTION

We suggest that USDA plant inspectors who are experts in this field be utilized to help localities which deal with large vendors.. They can serve both as on-site inspectors and as trainers for State agency personnel.

Local Health Departments should be utilized. Federal funds should be made available to local health departments for inspection and training purposes during the program.

5. A MANDATORY OUTREACH COMPONENT SHOULD BE INCLUDED IN THE REGULATIONS TO REQUIRE THE STATE AGENCY OR REGIONAL OFFICE TO EVALUATE THE GEOGRAPHIC AREAS WITHIN ITS JURISDICTION, AND FIND SPONSORS WHO WILL SERVICE AREAS NOT BEING REACHED.

As large as the program was in New York City in recent years, we know that hundreds of thousands of eligible children were never reached by the program. We expect that this year the program will be controlled.

A special requirement of this kind will help find and serve the hundreds of thousands of children who need and are entitled to the benefits of this program.

6. SPONSORS

a/ SPONSORS SHOULD NOT RECEIVE A PER-MEAL ADMINISTRATIVE REIMBURSEMENT

Another mechanism, based on the number of sites served and the over-all number of meals served must be developed.

Legitimate sponsors have traditionally returned money and not used the entire administrative allowance available (until this past year when costs spiralled for everyone.)

But the per meal reimbursement has been an invitation for the dishonest sponsors to inflate the number of meals actually served, and has led to many of the abuses in the program.

b/ THE REGULATIONS HAVE BEEN GREATLY STRENTHENED IN THE AREA OF SPONSORSHIPS, BUT SOME POINTS SHOULD BE MADE:

1/ Priority to self-catered sponsors is not enough. There must be training and technical assistance available to help small groups understand how they can run their own food program. As it now stands, there would be some priority to groups who have already decided they can do the program themselves, but no one is helping a small church or community center that has a kitchen facility, and runs a day camp for 100 kids in the summer to understand that they can hire a couple of local people and prepare their own food.

2/ Smaller and new sponsors need a great deal of help in understanding the workings of the program, especially in their dealings with vendors. They must be helped in drawing specifications that will meet the needs of the children they service, and to know how to make demands of the vendors.

7. PRIORITY CANNOT BE GIVEN TO SCHOOLS AUTOMATICALLY. THEY MUST BE EVALUATED IN LIGHT OF STRICT CRITERIA SIMILAR TO THOSE USED TO JUDGE ALL SPONSORS.

Past performance must be heavily considered.

The New York City Bureau of School Lunches has such a dismal record of function during the school year, that they could not possibly be considered a reliable sponsor:

1. Even the State Education Department Plan for 1977 comments on Page 6: "Once again, this proposal (for the Board of Education to act as a major sponsor) would invoke strong community reaction in that the current service institutions would not be involved and also in that there have been many instances of complaints concerning the meals offered by the regular school lunch and breakfast programs." (my emphasis)

2. Attached are copies of the State Consumer Protection Board statement regarding contamination of the meal packs, and the unwillingness of the Bureau of School Lunches to effectively monitor their food service contracts. (See Attachment 1).

3. State Controller Arthur Levitt completed an audit in 1976 which criticized the Bureau of School Lunches for lack of fiscal controls in many aspects of the program. (See Attachment 2).

4. Attached are copies of an interim report of the General Accounting Office in a study requested by Congressman Fred Richmond, which found that 45% of the meals served by the Bureau of School Lunches in New York City do not meet the minimum nutritional requirements of a 'Type A' lunch. (See Attachment 3).

5. Attached are two news articles which detail the suspension of the two top officials of the Bureau of School Lunches due to collusive contract rigging involving millions of dollars in purchase of paper goods. (See Attachment 4).

8. RESIDENTIAL CAMPS SHOULD BE HANDLED AS A SEPARATE SPONSOR CATEGORY.

We draw your attention to the section on residential camps in our report, which details reasons why camps need a separate approach. (See p. 48)

We would like to point out that some 80,000 children in camps run by Boy Scouts, and other national and local non-profit agencies were helped immeasurably by this program.

Their record-keeping, training and in fact most aspects of their program are not comparable to the day programs. They should not be required to attend regular sponsor training, and special attention should be paid to their needs.

9. RE-EVALUATION OF THE ADMINISTRATIVE MONIES AVAILABLE TO THE STATE AGENCY IS REQUIRED.

Special problems in urban centers and other areas may require additional administrative functions for which 2% of the program monies may not be sufficient. There should be a procedure for requesting additional funds.

10. THE AGE LIMIT SHOULD BE RAISED BACK TO THE FORMER 21 YEAR OLD LEVEL.

In New York City, the programs rely heavily on young people up to age 21 who, as volunteers and participants in various federal programs such as Summer Youth Employment, are a mainstay of the program. They staff many of the community agencies that provide recreation and help for children in poor communities.

In addition, as you well know, the employment situation for young people is disastrous. While various programs are planned and the Congress is turning its attention to the problem, we feel that at the very least these young people should be permitted to participate in the program again.

ATTACHMENT I

Memorandum

May 23, 1976

STATEMENT BY ROSEMARY S. POOLER,
EXECUTIVE DIRECTOR, STATE CONSUMER PROTECTION BOARD,
CONCERNING THE SCHOOL FOOD COALITION'S
REVIEW OF THE NEW YORK CITY SCHOOL LUNCH PROGRAM.

Right now, in public and private schools throughout the city and state, food service personnel are preparing to serve thousands upon thousands of frozen lunches to school children. In New York City alone, 170,000 of these lunches will be served today. These lunches are the so-called frozen, pre-cooked meal packs, a TV dinner-type concoction whose components include meat portions which are listless and sodden, vegetables that lack color and taste, and gravies that look like gray paste.

Two hours from now, hundreds of these children will throw their lunches away without eating any part of them. Other students will throw out these meals after eating only a small portion--usually the dessert.

The cost of such waste is staggering--in terms of school children who cannot or will not eat these unappetizing concoctions, losing out on nutritional fuel they need to have during the school day--and in terms of the economic waste that accompanies unopened or partially eaten meal packs being thrown out. For the school year 1974-75, nearly ten million dollars ($9,996,463) worth of meal pack contracts were awarded to three vendors. For the 1975-76 school year, the number of students being fed meal packs increased, while the number of vendors awarded contracts decreased to just two corporations.

These 170,000 daily meal pack servings--out of 565,000 daily meals--are being served in 434 schools (out of 1,243 schools). Mr. Julius Jacobs, Director of the Board of Educations' Bureau of School Lunches, indicates that the number of students being served meal packs will increase, since the Bureau of School Lunches is presently committed to the use of frozen meal packs and a phasing out of cooking cafeterias.

It is also important to realize that the use of meal packs is not limited to New York City. Meal packs are also being served in Buffalo, Binghamton, and as far north as Lake Placid.

A School Food Coalition has been working with the Consumer Protection Board for the past three months on an investigation of these frozen school lunches. This coalition includes representatives from health groups, community groups, nutrition educators, and concerned parents and students.

On the basis of our own investigations, and the investigations of others, we believe that the continued use of frozen meal packs must be reassessed. Comptroller Arthur Levitt's recently released audit of the Bureau of School Lunches explored many of the practices and procedures of the BSL that were deficient in regard to the use of meal packs. The audit, based on partial tests done two years ago, indicated that meal pack vendors often failed to meet even half of the minimum nutritional requirements called for. That the Bureau of School Lunches did no nutritive testing of the meal packs and did not sample the weight of the components so there was no assurance that the Bureau of School Lunches was receiving what it contracted for. The report also indicated that the auditors saw many students discard meal packs after eating a small amount. The Comptroller offered many recommendations and suggestions of areas that needed improvement. The deficiencies of the meal pack system, as indicated by Levitt's report on the 1973-74 school year, were confirmed as still existing in a recent New York Times investigation of the school lunch program.

Additionally, the State Consumer Protection Board has received bacteriological tests from the Bureau of School Lunches which indicates that samples of certain meal pack menu selections contained massively high counts of staphlococcal contamination (see attachment). These test results raise serious questions about the continued use of meal packs in New York City--how safe from bacteria are meal packs; what type of testing is done to insure the safety of food served, how frequently are tests conducted and by whom? What is most upsetting is the fact that the Bureau of School Lunches has been unwilling to answer these important questions.

The current, ongoing investigation by the Consumer Protection Board and Food Coalition leads us to take the following actions:

1. The Consumer Protection Board has arranged with the Department of Agriculture and Markets to run a series of tests on the frozen meal packs now used in New York City.

Secondly, we have today asked Attorney General Louis Lefkowitz and City Corporation Counsel W. Bernard Richland to make a formal review of the past contracts signed by the meal pack vendors and the Bureau of School Lunches. Comptroller Levitt's recent audit indicated that past contractual obligations were breached. We have asked the Attorney General and Corporation Counsel to investigate these breaches and determine what remedies, including restitution, are available.

Thirdly, we have demanded that the Board of Education and the Bureau of School Lunches make changes in the meal pack contracts that will be signed this summer. We will not be satisfied unless these new contracts include the following requirements:

1. A liquidated damages provision. Such a provision would insure that for any breach of contract, a specific amount of money would be paid to the City by the vendors.
2. That the meal packs must provide 1/3 of the USDA's Recommended Daily Allowance of nutrients. This used to be in the contracts, but it was dropped last year. We say it should go back. If the nutrition requirements are not met, the contract will have been breached.
3. That the meals shall be palatable and attractive. And if they are not--if children keep throwing them out--then the contract has been breached.
4. That ongoing tests be conducted as to the nutritional content of the food and the acceptability of the food by the school children. The cost for such independent tests and surveys will be borne by the meal pack vendors.

Fourthly, we have called on the Board of Education to join with us in a comprehensive look at the whole school lunch program. Children are throwing away meal packs without eating them. Obviously some alternative must be found--an alternative that children will eat and that taxpayers can afford. We want to know how expensive each lunch program is. Is it really less expensive to serve meal packs? Even if less expensive, in terms of absolute dollars, are the costs of waste (through children throwing the meals out) included? Or are soup and sandwiches or full-kitchen services less expensive? Also, couldn't some of the monies expended on meal packs be used to aid our own state economy, by using local produce and manpower, instead of having meals constructed out-of-state?

Lastly, we are calling upon the Bureau of School Lunches and the Board of Education to create a formal advisory body that will give parents, children, and community groups a strong voice in the school lunch program. We believe that real improvements will come only when the consumers themselves--the children and their parents--have an opportunity to advise, monitor, and approve or disapprove the way school lunches are selected. Important decisions on nutrition and health must not be made in a bureaucratic vacuum.

Finally, let me say that the Food Coalition is committed to the proposition that all children are entitled to have a wholesome, nutritious lunch. That our concern over the use of meal packs is based on complaints brought before the Food Coalition--and that at no time are we suggesting that the school lunch program, as a whole, should be dismantled. The exact opposite is true. We encourage and work toward the expansion of school food programs.

BOARD OF EDUCATION - CITY OF NEW YORK

BUREAU OF SCHOOL LUNCHES
FOODS OFFICE
MARCH 1976

CHART SHOWING PROTEIN, VITAMIN A AND BACTERIA TEST RESULTS ON MASS FEEDING FROZEN MEAL PACK SAMPLES FROM COMPANY WAREHOUSE AND SELECTED SCHOOL FREEZER JANUARY 1976

Listed as per Menu Date Order 1/5-1/30/76

CODE - FROZEN MEAL PACK	Transferred from Armel Warehouse	[1] PORTION SIZE	[2] GRAMS OF PROT./PORT.	VITAMIN A	- BACTERIA
12/24/75					
480	Fried Chicken with Mashed Potatoes	3 3/4 oz.	18.9	34.3	O.K.
401	Beef Patties with/corn & Margarine	2 oz.	10.9	33.8	O.K.
[illegible]	Hoagie Sandwich	2 oz.	9.89	33.8	O.K.
467	Beef Frankfurter with/Baked Beans	2 oz.	7.22	none	O.K.
486	Cheese Pizza Lunch	3 oz.	14.7	none	O.K.
459	Meat Loaf Tomato Sauce, Peas & Margarine	2-½ oz.	12.0	34.0	O.K.
422	Sliced Turkey, Gravy & Mashed Potatoes	2 3/4 oz.	12.6	34.4	O.K.
465	Beef Frankfurters with/French Fried Potatoes	2 oz.	6.6	none	O.K.
475	Breaded Cod Portion	3 oz.	13.1	34.2	O.K.
					Staph Close 95
466	Beef Frankfurters with/Sauerkraut & Margarine	2 oz.	7.29	34.0	O.K.
493	Meatballs, Tomato Sauce, Peas & Carrots	2½ oz.	12.6	34.5	O.K.
473	Fish Sticks with/Green Beans	3 oz.	11.8	34.2	O.K.
					Staph Close 90
Armel Warehouse 2/9/76					
**	Breaded Cod Portion - Production Date 1/22/76	3 oz.	10.3	34.7	Staph 110
**	Breaded Cod Portion - Production Date 12/13/75	2 2/3 oz.	9.6	34.6	Staph 200

**Requested because of unsatisfactory report on regular school pick-ups

1 (Portion size and *** condition determined by laboratory.)

2 (Protein rich portion size.)

*** See page 3

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BOARD OF EDUCATION - CITY OF NEW YORK

BUREAU OF SCHOOL LUNCHES
FOODS OFFICE
MARCH 1976

CHART SHOWING PROTEIN, VITAMIN A
AND BACTERIA TEST RESULTS
ON
MASS FEEDING FROZEN MEAL PACK SAMPLES
(Cont'd)

Regular School Pick-Up Made from P.S. 13 Brooklyn

CODE -	FROZEN MEAL PACK	[1] PORTION SIZE	[2] GRAMS OF PROT./PORT.	VITAMIN A -	BACTERIA
1/21/76 486	Cheese Pizza Lunch	2½ oz.	13.9	none	O.K.
1/29/76 *475	Breaded Cod Portion	2 3/4 oz.	10.8	34.7	Staph 900
*2/4/76	Retest Show 6250 Colonies/Staph in Cod Fish: 50 Colonies in Mash Potatoes				
1/29/76 480	Fried Chicken, Mashed Potatoes	3 oz.	12.9	34.2	O.K.
493	Meat Balls with Tomato Sauce, Peas & Carrots	2 oz.	9.2	34.5	O.K.
404	Beef Pattie with/Cheese, & French Fries	2 oz.	10.9	none	O.K.
2/5/76 *199	Hoagie	2 oz.	7.9	34.2	Staph 110 T.P.C. 900,000
473	Fish Stick with/Green Beans	3 oz.	10.0	34.5	O.K. Staph Close 100
404	Beef Pattie with/French Fries	2 1/8 oz.	10.5	none	O.K.

*Unsatisfactory Laboratory Report

1 (Portion size and *** condition determined by laboratory.)

2 (Protein rich portion size.)

*** See page 3

mh

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BOARD OF EDUCATION - CITY OF NEW YORK

BUREAU OF SCHOOL LUNCHES
FOODS OFFICE
MARCH 1976

CHART SHOWING PROTEIN, VITAMIN A AND BACTERIA TEST RESULTS ON MASS FEEDING FROZEN MEAL PACK SAMPLES

(Cont'd)

From Armel Warehouse - not on January Menu but was sent to laboratory

CODE -	FROZEN MEAL PACK	[1] PORTION SIZE	[2] GRAMS OF PROT./PORT.	VITAMIN A -	BACTERIA
12/24/75					
472	Spaghetti & Meat Balls, Green Beans	7 oz.	15.4	34.2	O.K.
488	Fish Portion with/Cheese, Mashed Potatoes	2 3/8 oz.	12.5	34.6	O.K.
	Was on the January Menu but was not sent to laboratory from warehouse				
462	Salisbury Pattie with/Gravy, Mashed Potatoes	-	-	-	-
404	Hamburger, French Fries	-	-	-	-
450	Toasted Cheese Sandwich	-	-	-	-
452	Cheeseburger, French Fries	-	-	-	-
	Regular School Pick-Up but not sent to the laboratory from warehouse				
1/21/76					
462	Salisbury Steak with/Gravy, Mashed Potatoes	2 3/8 oz.	12.5	34.6	O.K.
1/29/76					
*450	Toasted Processed American Cheese Sandwich	2 oz.	12.6	34.6	Staph 145
*2/4/76	Retest show 250 colonies/staph in cheese: none in bread				
	Regular School Pick-Up but not on Menu				
1/29/76					
402	Beef Pattie, Carrots & Corn	2¼ oz.	11.9	34.9	O.K.
2/5/76					
472	Spaghetti & Meat Balls	7½ oz.	14.9	34.7	O.K.

*Unsatisfactory Laboratory Report

1 (Portion size and *** condition determined by laboratory.)

2 (Protein rich portion size.)

***Condition means laboratory seperated certain non-protein-rich foods prior to the weight and protein test.

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BOARD OF EDUCATION - CITY OF NEW YORK

BUREAU OF SCHOOL LUNCHES
FOODS OFFICE
MARCH 1976

CHART SHOWING PROTEIN, VITAMIN A AND BACTERIA TEST RESULTS
ON
MORTONS FROZEN MEAL PACK SAMPLES
FROM COMPANY WAREHOUSE AND SELECTED SCHOOL FREEZER
JANUARY 1976

CODE - FROZEN MEAL PACK		[1] PORTION SIZE	[2] GRAMS OF PROT./PORT.	VITAMIN A -	BACTERIA
Transferred from Global Warehouse	Listed as per Menu Date Order 1/5-1/30/76				
12/24/75					
H-281	Meat Loaf in Tomato Sauce Seasoned P & Carrots	3 oz.	9.5	34.2	O.K.
H-278	Cheese Pizza	2 oz.	9.56	none on label	O.K.
H-248	Beef Patty Seasoned Carrots	2 3/8 oz.	12.3	34.8	O.K.
H-250	Fried Chicken Mashed Potatoes	4 ¼ oz.	23.8	34.7	O.K.
H-239	Fish & Chips, Corn Muffins	3 oz.	11.8	34.8	Staph 615
	1/21/76 Retest show 19,000 Colonies/Grams Staph in Fish: None in Chips or Muffins				
H-205	Salisbury Steak/Gravy, Mashed Potatoes	4 oz.	15.2	34.5	O.K.
H-282	Salisbury Steak/Gravy, Mashed Potatoes	3 oz.	11.9	34.7	O.K.
H-244	Hot Dogs & Potato Rounds	2 oz.	6.1	none	O.K.
H-289	Hero Sandwich	2 3/8 oz.	12.9	34.4	O.K.
H-295	Fried Fish Port. with Cheese & Vegetable	3 oz.	12.4	34.4	O.K. Staph Count 90
H-277	Spaghetti & Meat Balls in Sauce	10 5/8 oz.	25.6	Violation None on Label	O.K.
H-235	Beef Hot Dog, Beans in Tomato Sauce	2 oz.	7.42	None	O.K.
*H-.60	Fried Fish Portion, Seasoned Peas	3 oz.	12.3	34.7	Staph 140
	12/24/75 Retest show 245 Colonies/Staph in Fish: Bread 0: Peas 10 Colonies Staph				
H-.72	Turkey Seasoned Mashed Potatoes	2 3/8 oz.	17.40	34.9	O.K.
H-280	Meat Balls in Tomato Sauce Seasoned Corn	2 3/4 oz.	14.7	34.9	O.K.
H-241	Chicken Patty Mixed Vegetable	3 1/8 oz.	10.9	35.3	O.K.

*est. . H 60 three times and each test was unsatisfactory.

[1] (Portion size and ***condition determined by laboratory.)

[2] (Protein rich portion size.)

mh

BOARD OF EDUCATION - CITY OF NEW YORK
RE: FROZEN MEAL PACK (Cont'd)
MORTON'S

BUREAU OF SCHOOL LUNCHES
FOODS OFFICE
MARCH 1976

CODE -	FROZEN MEAL PACK	[1] PORTION SIZE	[2] GRAMS OF PROT./PORT.	VITAMIN.A -	BACTERIA
Regular School Pick-Up Made From P.S. 160 Bronx					
1/21/76					
H-250	Fried Chicken Mashed Potatoes	4 oz.	22.04	34.7	O.K.
H-244	Beef Hot Dog, Potato Rounds	2 oz.	7.08	none	O.K.
H-277	Spaghetti & Meat Balls, Tomato Sauce	6 ½ oz.	15.82	none	O.K.
1/28/76					
H-260	Breaded Fried Fish Port. Seasoned Peas	3 oz.	14.3	34.6	Staph 1200
H-272	Turkey & Gravy Seasoned Mashed Potatoes	2½ oz.	11.3	34.9	O.K.
H-280	Meatballs in Tomato Sauce Seasoned Corn	3¼ oz.	13.5	34.4	O.K.
2/4/76					
H-295	Breaded Fried Fish Portion with Cheese	3 oz.	11.4	34.8	Staph 120
H-277	Spaghetti & Meat Balls	10 ½ oz.	17.4	34.2	O.K. Staph Close
H-235	Beef Hot Dog Tomato Sauce Beans	2 oz.	6.7	none	O.K.
H-241	Breaded Chicken Patty/Vegetable	3¼ oz.	12.6	34.9	O.K.
2/10/76					
H-278	Cheese Pizza	2½ oz.	13.6	none	T.P.C. 200,000
H-282	Salisbury Steak Mashed Potatoes	3 oz.	12.1	35.0	O.K.
H-260	Fried Breaded Fish Portion, Peas	3 5/8	12.9	34.8	Staph 300

Tested H-260 three times and each test was unsatisfactory.

(Portion size and *** condition determined by laboratory.)
(Protein rich portion size.)
** See page 3

mh

5/10/76 - N.Y. Times

Levitt Report Is Highly Critical Of School Lunch Program Here

By EDWARD HUDSON

A state audit report on the New York City Board of Education's Bureau of School Lunches has found that meals of less than a minimum quantity and nutritional value were served to children.

The report, released yesterday, was also highly critical of many other aspects of the city's school lunch program, including protection against loss and pilferage of food at warehouses, food inspection, the financial management of the bureau and subsidy claims.

The 107-page study, released by Comptroller Arthur Levitt, generally covered the period from July 1, 1973, to June 30, 1974. In that time the bureau served over 77 million lunches in 1,200 schools at a cost of $[illegible]0 million, including $52.7 million in Federal and state subsidies.

Corrective Action Promised

The auditors said the Board of Education had agreed that the findings and recommendations, "on balance, are relatively thorough and constructive." They said the board had promised to put many of the recommendations into effect.

The auditors, for example, said that the bureau had agreed on the need to improve its record in meeting a so-called "Type A Pattern," or minimum-quantity serving, as established by the United States Department of Agriculture for 10-and 12-year-olds. To be eligible for subsidies, lunches had to conform to the pattern, the auditors declared.

They said tests of 66 meals involving 40,000 servings at 14 schools had shown that 22 of the 66 servings did not meet the Type A minimum quantity. Similarly 210 of 521 servings at schools serving "frozen, pre-assembled" meals did not meet the Type A requirement, the audit found.

The auditors said that venders supplying the frozen "meal pack" lunches, which were 22 percent of the lunches served, "often failed to meet even half of the [minimum] nutritional requirements that were specified in the contracts, and after being informed of these menu insufficiencies, made no effort to change the menus."

A Lack of Checking

"The bureau," the auditors went on, "did no nutritive testing of the meal packs, and schools did not sample the weight of the components, so there was no assurance that [the bureau] was receiving what it contracted for."

The audit found that perhaps the area most in need of improvement was the bureau's warehouse operation. Records and procedures offered little control over inventories, the report said, and minimal protection against loss and pilferage.

"We found numerous errors in [the bureau's] warehouse counts," the auditors said, "and no meaningful attempts to reconcile differences between physical and perpetual inventory balances."

"A very serious deficiency was the practice of fabricating shipping records to cover physical inventory shortages with no investigation of the differences," the report said. In February 1974, it noted, such unsupported records were prepared for $105,000 worth of food.

N.Y. Times 5/29/76

REFORM DEMANDED ON SCHOOL LUNCHES

New York City's multimillion-dollar school-lunch program is in dire need of reform, the New York State Consumer Protection Board said Friday.

The board and the School Food Coalition, a group of 18 consumer, antihunger and nutrition organizations, asked the State Department of Agriculture and Marketing to run a series of laboratory tests on meal packs, the frozen, prefabricated lunches served to 170,000 elementary school children each day.

Rosemary S. Pooler, executive director of the Consumer Protection Board, said that these lunches included "meat portions that are listless and sodden, vegetables that lack color and taste, and gravies looking like gray paste." She added that "hundreds of children throw their lunches away without eating any part of them."

The coalition has asked that meal packs be picked up and tested to see if they reflected the same nutritional deficiencies reported in a survey made by New York State Comptroller Arthur Levitt's office.

Miss Pooler said: "Recent test reports we received from the Bureau of School Lunches indicated that some samples of meal packs, particularly of fish, contained massively high counts of staphylococcal contamination."

DAILY NEWS - 5/29/76

School Meals Called a Pack of Yecch

The State Consumer Protection Board and the School Food Coalition asked authorities yesterday to investigate New York City's multimillion-dollar school lunch program, particularly the $[illegible] million meal-pack program for younger children.

The meal packs were described by Rosemary Pooler, executive director of the protection board, as a "TV dinner-type [illegible] whose components include meat portions which are listless and sodden, vegetables that lack color and taste and gravies that look like gray paste." The packs are served to [illegible] elementary students a day, but Ms. Pooler said that "hundreds of children" throw the meal away because of its poor taste.

—Owen Moritz

17/14 Attachment 3

CONGRESSMAN FRED RICHMOND 147 MONTAGUE STREET BROOKLYN, NEW YORK 1120

CONTACT: Lou Gordon
522-7121

874-4051

FOR RELEASE MONDAY - MARCH 7 11:30 A.M.-

BACKGROUND: GAO NEW YORK CITY SCHOOL LUNCH REVIEW

On August 18, 1976 Congressman Fred Richmond contacted the General Accounting Office requesting that they review the School Lunch Program as administered by the New York City Bureau of School Lunches. Included in that request was a review of the nutritional quality of the school lunches and whether they meet Federal standards of the type "A" meal as established by the National School Lunch Act of 1946 and amended in 1975. On October 15th, the G.A.O. following a meeting with Representative Richmond agreed to undertake the probe of the New York City School Lunch Program.

The G.A.O. employed a statistician who developed a valid statistical sample of the meals served in the New York City Public School under the Meal Pack, Cafeteria, Bulk and Basic Programs.

Beginning January 10th, lasting for 23 school days to February 9th, G.A.O. auditors fanned out across the city surveying 80 cafeteria and meal pack style lunches, which represent 86% of the entire New York Program. 32 meals under the bulk and basic style school lunch programs were surveyed by the G.A.O. for 8 school days between February 10th and February 22nd.

Each meal was taken off the school lunch line at separate schools by G.A.O. auditors and shown to lunchroom managers for their approval as to whether it met the Federal Type "A" standards. Upon that approval, the G.A.O. auditors then proceeded to take the meals to the Veterans Administration Hospital testing laboratory in Manhattan, where under G.A.O. observation it was tested for Type "A".

The Tests results were as follows:

REASONS FOR NON-COMPLIANCE WITH TYPE "A" REQUIREMENTS

	TOTAL	MEAT	VEGETABLE	MEAT & VEGETABLE	BREAD	MILK
CAFETERIA	20/40	6	9	4	0	1
MEAL PACK	22/40	7	8	7	0	0
BULK	10/16	3	6	1	0	0
BASIC	7/16	1	4	2	0	0

On Friday, March 4, 1977 representatives of the General Accounting Office, New York City Division, briefed Congressman Richmond on the interim findings of their survey.

Upon learning of the G.A.O. results, Congressman Richmond decided to make those interim findings public because of the overwhelming implications the survey has on the continuing effectiveness of the School Lunch Program, the immediate necessity to upgrade meals so that the 500,000 school children can receive their proper benefits, and the potential staggering effect the loss of $25 million would have on the city budget. The enclosed chart summarizes the G.A.O. findings

-2-2-
Richmond

INDICATED EXTENSION OF DISALLOWANCE BASED ON 180 DAY SCHOOL YEAR

	AVERAGE DAILY AMOUNT	INDICATED DISALLOWANCE
CAFETERIA	89,548	$16,100,000
MEALPACK	53,317	9,600,000
CAFETERIA MEALPACK	154,059	25,700,000
BULK	12,384	2,200,000
BASIC	6,011	1,200,000
BULK BASIC	21,902	3,400,000

FIGURES COMPILED BY CONGRESSMAN RICHMOND'S OFFICE

0703778

ESTIMATE OF THE AMOUNT OF FEDERAL REIMBURSEMENT
[illegible]

	Average daily number of meals served 1/	Meals not meeting Type A requirement (upper limit at 90 percent confidence)		Reimbursement rate per meal 2/ (dollars)	Estimated expected claim for Federal reimbursement for meals not meeting Type A requirement (lower limit at 90 percent confidence)		
		(percent)	(number)		Average daily amount (dollars)	Days remaining	Total (dollars)
Cafeteria	224,010	45	100,[illegible]	.[illegible]	93,505	22 3/	2,050,[illegible]
Mealpack	171,064	45	77,[illegible]	[illegible]	53,317	22 3/	1,226,[illegible]
Cafeteria Mealpack	[illegible],583	55	223,507	.620	154,[illegible] 5/	22 3/	3,5[illegible] 5/
Bulk	56,075	46	25,[illegible]	.620	13,[illegible]	9 4/	99,375
Basic	19,611	27	5,575	.650	4,[illegible]	9 4/	35,[illegible]
Bulk & Basic	75,686	42	31,763	.620	20,[illegible] 5/	9 4/	175,[illegible] 5/

1/ Based on the daily number of meals served by type in September 1976 and is subject to revision upon receipt of more current information from the Board of Education.

2/ Based on data for November 1976 and is subject to revision upon receipt of more current information from the Board of Educ.

3/ January 10 - February 9

4/ February 10 - February 22

5/ Totals are statistically derived and are not additive totals.

Attachment 4

3 School Lunch Aides Are Suspended in Inquiry

By LEONARD BUDER

The director and two officials of the Bureau of School Lunches were ordered suspended yesterday as a result of a New York City Board of Education investigation that found that purchase orders totaling more than $2 million during a recent 18-month period had been split into small amounts apparently to circumvent the city's requirements for competitive bidding.

Investigation also indicated that the school system might have overpaid—in some instances perhaps by twice as much or more than it should have — for these purchases, which involved paper goods used in the school lunch program.

School Chancellor Irving Anker, who ordered the suspensions, said that the school system was turning over its findings to the City Commissioner of Investigation but would, at the same time, press its own inquiry into the administration of the $117 million-a-year school lunch operation.

Another inquiry, which involves a total audit of the bureau, is also being made by the office of City Comptroller Harrison J. Goldin. It was Mr. Goldin's office that first spotted the apparent improprieties last spring and called the Board of Education's attention to them. At that time, however, it was reported that the total amount of the split bills was $200,000. The Comptroller's office, which also felt that the bill's were too high, paid the company $105,000.

But the school board's investigation found that during the period examined—from October 1974, to March 1976—a total of 54 large orders, each in excess of $5,000 and with a combined value of $2.2 million, were split into 728 "open-market" orders. Each open-market order came to less than $5,000 and thus was not be subject to the usual competitive bidding required of larger orders.

Two of the bureau officials—Julius Jacobs, the $35,000-a-year director, and William Scully, a $25,700-a-year assistant director—were ordered suspended with pay on charges that they failed to provide adequate supervision. They will probably be given other assignments while awaiting disposition of the charges brought by Mr. Anker.

A third employee, Walter R. Moir, was suspended without pay from his $17,000-a-year position of administrative associate. Mr. Moir, who allegedly split the bills, was accused of neglect of duty, unbecoming conduct and incompetent and inefficient service.

The only one of the three who could be reached yesterday was Mr. Jacobs, who said he "would welcome a full and complete investigation." He also expressed confidence that he would eventually be cleared of the charge.

"My only concern right now," he said, "is what this will do to the school lunch program and to the 560,000 kids who will depend on it when the new term begins soon."

Both Mr. Scully and Mr. Moir were reported on vacation. Copies of the charges against Mr. Moir were mailed to his home Tuesday.

"I am shocked," Chancellor Anker said, "not so much by the possibility of some corruption, but by the total inadequacy of the business procedures for policing and avoiding such a situation."

He added that some changes had already been made in the bureau's operations to prevent any repetition of such a situation and that other reforms would be made soon.

All of the purchase orders, according to a confidential Board of Education report, involved one company—Bonded Products of 1080 Leggett Avenue, the Bronx. The company was not specifically accused in the report of having done anything improper, although the report asserted that the prices paid to Bonded for paper goods were far higher than the prices charged by other vendors.

Prices Defended

According to the report on the investigation, which was headed by James W. Randolph, the board's inspector general, the school system paid—by way of illustration—$22.87 for a supply of paper plates purchased from Bonded, whereas it could have obtained the same quantity for $12.97 from another vendor. Five-ounce cold cups cost $35 for 2,500, when purchased from Bonded, but could have been obtained for $15.10 from another company.

An executive of Bonded, the report said, defended the prices on the grounds that these were frequently emergency orders and that they also occurred during a period of rapidly increasing costs.

Dennis Dzinea, president of the company, said yesterday that he had not seen the report and thus could not comment on it.

The report also said that Mr. Moir admitted the bill-splitting practice, but only for a 12-month period and for a total amount of $500,000. Mr. Moir, according to the report, said he acted as he did because of his concern that the bureau be able to meet pressing demands from schools for paper supplies needed in the lunch program.

"In view of the fact that New York City is a large commercial area," the report said, "and nearly every major manufacturer of paper goods in the United States either has an office or a sales agent within telephone reach of the Bureau of School Lunches, it is very difficult to appreciate the fact that Mr. Moir was compelled to place 728 open-market purchase orders totaling $2.2 million with one vendor."

The investigation also found that many of the deliveries of the emergency orders did not take place until two or three months and, in some cases, as long as seven or eight months after the orders were placed.

Mr. Anke rsaid he was working with Bernard R. Gifford, a deputy chancellor who is in charge of the system's business affairs, on ways of further strengthening the operation of the lunch bureau.

School Aide Getting $25,000 Fine

By LEONARD BUDER

The New York City Board of Education is planning to impose a record fine of $25,000 upon a $16,510-a-year school lunch employee who was suspended last August, along with two superiors, because of irregularities in the awarding of more than $2 million in purchase orders.

The employee, Walter R. Moir, who has worked for the city since 1939, is scheduled to retire, effective next Wednesday. The amount of his pension could not be ascertained.

Officials at school headquarters could not recall yesterday any previous disciplinary action against a school employee that involved a fine anywhere near the amount that will be levied against Mr. Moir. The Board of Education recently imposed a fine of $3,500 against a high school principal for insubordination.

school principal for insubordination.

One headquarters official, who did not want to be identified, said the large fine should be a "powerful deterrent" to others in the system.

As part of a "stipulation of agreement" that is expected to come before the Board of Education for formal ratification today, Mr. Moir, who held the title of administrative assistant, will admit that he failed to follow proper procedures with respect to obtaining competitive bids. In return, a number of other specific charges brought against him by School Chancellor Irving Anker will be dropped.

Mr. Moir will also, under the terms, promise to cooperate with the board's continuing investigation into the operation of the school system's $117 million school-lunch program. This investigation is being carried out by the system's inspector general, James W. Randolph, under the supervision of Deputy Chancellor Bernard R. Gifford

Another major investigation is being conducted by the city's Department of Investigation.

The department was brought into the picture after the board's investigation found that purchase orders totaling $2.2 million over an 18-month period had been split into small amounts, apparently to circumvent the city's requirements for competitive bidding.

The investigation also indicated that the system might have overpaid, in some instances by perhaps twice as much as it should have, for these purchases, which mainly involved paper goods used in the school-lunch program.

As a result of these findings, Chancellor Anker suspended Mr. Moir, who allegedly split the purchase orders, without pay. Two top officials of the Bureau of School Lunches, Julius Jacobs, the $35,000-a year director, and William Scully, the suspended with pay on charges that they had failed to provide adequate supervision.

Mr. Moir, who was accused of neglect of duty, unbecoming conduct and incompetent and insufficient service, could not be reached for comment last night.

monitoring in the public interest

THE 1976 SUMMER FOOD SERVICE PROGRAM FOR CHILDREN IN NEW YORK CITY

October 1976

Steve Cagan

THE COMMUNITY COUNCIL OF GREATER NEW YORK
225 Park Avenue South • New York, N.Y. 10003 • 777-5000

Mrs. Leonard H. Bernheim
President

Bernard M. Shiffman
Executive Director

REPORT ON MONITORING
THE 1976
SUMMER FOOD SERVICE
PROGRAM FOR CHILDREN

(May, 1976 - October, 1976)

PREPARED BY THE
SUMMER FOOD PROJECT
AND THE
SUMMER FOOD COMMITTEE
OF THE
HUNGER TASK FORCE

COMMUNITY COUNCIL OF GREATER NEW YORK
225 Park Avenue South, New York 10003

This project was made possible through grants from the New York Community Trust and the Fund for the City of New York

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($1.00)

DEFINITION OF "CITIZEN MONITORING"

It is an inexpensive, short-term, and systematic method of observing, recording and analyzing the effectiveness of legislation, programs, agencies and services.

It identifies both positive and negative aspects of the subject being monitored, and it conveys these findings to legislators, administrators, clients and the general public.

It provides data and illustrative materials which support recommendations for expansion, contraction and/or alteration of resources, aims and directions. The first hand impressions of concerned persons assist in focusing attention at a critical time on crucial issues.

It is not research, although efforts are made to systematize the collection of data and selection of respondents.

It is the active involvement of citizen volunteers who direct their time, energy and talents toward the support and/or improvement of specific laws, organizations, projects, etc. that are supposed to work on behalf of people and to fulfill their needs.

ACKNOWLEDGEMENTS

We wish to thank and express appreciation to

The sponsors, vendors, site personnel, parents and children who allowed us to interview them

Those staff members of the New York State Education Department who generously cooperated with our Project, understanding that this report would be in their as well as the public interest

The New York Community Trust and the Fund for the City of New York, whose grants made this Project possible

Inner City Central Services Corporation (The Community Food and Nutrition Program of the New York City Council Against Poverty) which, by loaning two full-time staff members for the term of the Project, made these accomplishments possible

The dedicated staff of the Neighborhood Youth Corps, which assigned thirteen hard-working enrollees to be monitors for the Project

The Mayor's Office of Volunteers and the Fund for the City of New York, which recruited volunteers for this effort

The Committee members of the Hunger Task Force who gave guidance to our staff and helped us to make some difficult decisions under fire

Those members of the New York City Congressional Delegation, particularly Congressman Fred Richmond and Congresswoman Elizabeth Holtzman, for information sharing and their commitment to making the Summer Food Program more responsive to the needs of the children

Kevin Kelley, whose editing pieced together the writing of five people whose "styles" did not always converge

Steve Cagan, whose wonderful photographs show what this Program is really about

Alan Grossman of the New York State Consumer Protection Board, who was always available with legal and conceptual advice, and who spent many hours combing through drafts of this report

David Specht, from Community Council's Research Department, who helped us develop our monitoring design

The staff at Community Council, particularly Production, Accounting, Program Services and personnel, for their full cooperation with our Project

Maja Lenert and Alice Chase whose unbelievable patience and clerical skill kept this Project going through our final weeks.

NOTES

* The names of persons who were interviewed by the Community Council Monitoring Project, (site workers, sponsors, vendors, State Education Department staff) have been withheld intentionally.

Information was provided by these people often just because anonymity was promised.

Names are used only when information was in the public domain or information was gathered without promising anonymity.

* A Spanish translation of the entire Introductory section is provided. The translation was done by Ms. Ruth Rodriguez.

We wish to express our thanks to Maria Santos who typed the Spanish section and who cheerfully added that accent or changed that word, helping us produce a translation faithful to both languages.

Se ha facilitado una traducción al español de la Introducción. El resto del reportaje continúa en inglés. La traducción la hizo Ruth Rodriguez.

Queremos expresar nuestro agradecimiento a María Santos, quién mecanografió la versión en español y quién gustosamente añadió acquel tilde o cambió acquella palabra, y así nos ayudó a producir una traducción fiel a los dos idiomas.

* All of our recommendations are stated and explained fully throughout the body of the report. A concise summary of major Project recommendations is provided in the Introduction.

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INTRODUCTION

THE REASONS FOR A MONITORING PROJECT

Anti-hunger forces throughout the nation were elated and relieved when Congress, last October, passed the 1975 Child Nutrition Act over presidential veto. The Act reflected Congressional recognition of the urgent need to feed millions of hungry children in the United States. The new legislation included expanding the scope and funding of the Summer Food Program, which is intended to provide children with nutritious meals during the months when schools are closed.

But the sense of relief was mixed with fear - fear that the future of the program would be jeopardized by the abuses that had been permitted to occur in New York City during the summer of 1975. It seemed likely that if last year's failures recurred in 1976, Congress would withdraw program funds from New York City, and perhaps end the program entirely, throughout the country.

INTRODUCTION

In order to prevent the repetition of 1975's problem, The Hunger Task Force of The Community Council of Greater New York participated in discussions and meetings with United States Department of Agriculture (USDA) officials and initiated meetings during the winter and spring of 1976 with the State Education Department (SED), the Governor's office, the New York City Health Department, previous sponsors and vendors, and other program participants. The Hunger Task Force tried to focus attention on potential problems, but it soon became clear that not enough was being learned from past mistakes to ensure that they would not be repeated.

The Task Force therefore decided that it was essential to carefully look at the program during the summer of 1976 in order to decide whether the program, as presently designed, could be run well and to understand and report on what happened and why. A proposal for a six-month monitoring project was funded by New York Community Trust and the Fund for the City of New York. The staff included a project director and a part-time consultant, three persons in charge of evaluating sponsors, sites and vendors respectively, and a secretary and twelve monitors, all from the Neighborhood Youth Corps. The Community Council's Summer Food Program Monitoring Project began operation in May, 1976.

BASIC PROGRAM INFORMATION AND DEFINITIONS

The following terms and concepts are used throughout this report, and it is important that each be defined at the start.

Program Eligibility: All children 18 years old and younger who live in an area where one-third of all families have an annual income not higher than 195% of the federally determined poverty level. (See Appendix 1, for Eligibility Guidelines.) Almost all children in New York City - an estimated two million - meet these standards.

Administration: The Federal agency through which the program is regulated and funded is the United States Department of Agriculture, (USDA). This year the State Education Department, (SED) directly administered the program in New York State and New York City.

Funds: Federal funds are available to feed all eligible children who can be reached, regardless of their number.

Type of Meals: The allowable meals are breakfast, lunch, supper and two supplements, AM and PM snacks. Meals must meet at least minimum "Type A" requirements. For example, lunch must contain 2 ounces of protein, one-half pint of milk, three quarters cup of fruit and/or vegetables, and one slice of enriched bread. (See Appendix 2, for type A meal requirements.)

Reimbursement Pattern: The sponsor is reimbursed for each meal served up to: breakfast at $.45, lunch and supper at $.8075 (80 3/4¢), snacks at $.2125 (21 1/4¢) and for administrative expenditures of local sponsors, $.065 (6 1/2¢) per meal served. The state agency receives two percent of total funds spent for administration. For 1976, SED was entitled to receive over $1,000,000.

Sponsors: In most cities sponsors are municipal agencies - Boards of Education or Parks and Recreation Departments. New York City is unique in having sponsors which are non-profit groups such as the Urban League, the YM-YWCA, community corporations, churches, community groups, etc. These sponsors then identify groups, called "sites", in their borough to be supplied with food through a vendor. Self-catered sponsors are small programs which can prepare and serve their own food. There were 146 sponsors in the 1976 program.

Vendors: Profit-making caterers, who contract with sponsors to deliver food directly to the children. There were approximately 47 vendors in the 1976 program.

Sites: The locations where the children are fed - e.g., day camps, play streets, schools, community centers, recreation programs, block association groups - wherever kids can be reached. There were approximately 4,553 sites in the 1976 program.

For a chart showing the connections between all the parts of the Summer Food Program, see Appendix 3.

*MAJOR RECOMMENDATIONS**

To The Board of Regents:

1. The State Education Department should be the public agency charged with supervisory responsibility for the Summer Food Program in New York for 1976-1977. (Page 22)++

We make this recommendation, despite our knowledge of SED's terrible maladministration of the 1976 program, with the requirement that SED and the Board of Regents make a public commitment to a plan for 1977 that insures a properly-run program. That plan must also be subject to public recommendations, and once its content is established, SED must be held responsible for carrying it out.

2. A Task Force on the Summer Food Program should be established to guarantee that a comprehensive and workable plan is immediately developed and carried out by SED for 1977.. (Page 13)

3. Public hearings on the proposed SED plan for 1977 must be held in November, 1976. (Page 13)

To The State Education Department:

A. Administrative Recommendations

1. The State Education Department must maintain a year-round staff for the Summer Food Program. (Page 24)

B. In Relation to Sponsors

1. Special attention should be paid to self-catered and small sponsors to encourage their participation. They should be treated as a separate category, receive special training and technical assistance apart from sponsors who contract with vendors. (Page 35, 48)

2. All sponsors should be year-round organizations performing community services other than summer food service in that specific community. (Page 35)

++ Explanations for these recommendations appear on the pages cited.

3. Sponsors should be limited to specific territories from which to choose sites. The current limit on total number of allowable sites should be maintained, with the exception that new sponsors should be further limited. (Page 36)

4. A mandatory prototype contract should be developed and clear bidding procedures established and monitored. (Page 41)

5. Residential camps should be handled as a separate sponsor category. (Page 49)

C. In Relation to Sites

1. Where possible, site selection and approval by SED should take place three months before the start of the program. Some sites (block associations, summer programs) should be allowed to join the program later. (Page 57)

2. All site personnel training should be comprehensively monitored by the State. Bi-lingual site handbooks should be available and distributed by the State, and a sponsor-prepared supplement to the handbook should be required. (Page 62)

3. To protect the children, a contract specification on procedure for immediately replacing unacceptable meals should be mandated by SED. (Page 64)

D. In Relation to Vendors

1. Vendors must be approved by SED in order to be eligible to bid and participate in the program. Approval should be based on capability, evaluation of past performance, and compliance with health regulations. (Page 73)

2. Only prime producers (vendors who assemble and deliver entire meal) should be permitted to participate in the program. (Page 74)

3. Number of meals prepared per vendor should be limited according to capability. A maximum number of meals should be set for new vendors. (Page 75)

4. Trained SED specialists should be assigned to inspect vendors on a continuous basis. (Page 76)

5. Food wholesomeness should be guaranteed through required independent lab tests to be paid for by the vendor. The need for NYC Health Department program participation should be recognized in SED's budget and consultation between the agencies should be continuous. The USDA should make their specialists in food and plant inspection available to the SED for training sessions. (Page 78)

6. USDA and SED must develop clear specifications to upgrade food quality - not just requiring a minimum "Type A" meal. (Page 79)

7. Food acceptability should be monitored with attention paid to variety, meal pattern and flexibility. Consideration should be given to community ethnic or religious needs or preferences. (Page 79)

To Congress:

1. Federal legislative consideration should be given to allowing "controlled" off-site consumption at sites which provide only food service. (e.g. one meal allotted per child/ or one child or adult permitted to take home food for all eligible children in family.) (Page 67)

2. Regulations concerning adult feeding should be flexible enough to take into consideration the severe social and economic realities faced by the entire population in many urban areas. (Page 68)

3. Reimbursement to sponsors for administrative expenses should be standardized and not increased automatically as more meals are served. (Page 47)

To the Hunger Task Force of the Community Council:

1. Citizens groups composed of parents and other interested persons should be organized to monitor the summer food program at the State, sponsor, vendor and site levels. A group of this kind can do more to protect the public's interest than a scandal-oriented media which, although it helps uncover some abuses, tends to damage the image of the program by magnifying mistakes and not focusing on their cause.

**Points To Be Noted About The Recommendations:*

1. The recommendations are interdependent - the effectiveness of one is dependent on the enforcement of another.

2. In order to develop these recommendations we met with sites, sponsors, vendors, SED, USDA, New York City Health Department and Congressional representatives. Our recommendations do not necessarily represent their thinking, but their suggestions are reflected in many of our recommendations.

*3. We concur with the Children's Foundation recommendations,*which deal with national suggestions for the program. However, as a New York City monitoring project, our recommendations deal with suggestions for New York City.*

4. To avoid confusion in 1977, we suggest that as few legislative changes as possible be made. Current federal regulations are sufficient to run the program properly.

** For Children's Foundation Recommendations, see Appendix 15 .*

SUGGESTED CONTENT AND CALENDAR FOR 1977 STATE PLAN

The next steps that have to be taken by SED and the Board of Regents must be based on a detailed timetable and blueprint for the 1977 program.

SED must determine in advance its needs for personnel, equipment, supplies, etc., and then do whatever is necessary to guarantee that the timetable for these steps can be met.

In October, SED receives 1/3 of its total anticipated administrative costs for 1977. Whatever mechanics are needed to translate that letter of credit into personnel lines, purchase power for file folders, rental, etc. - must be taken care of immediately. The bureaucratic maze cannot be permitted to choke this program again this year.

CALENDAR

SPONSORS:

January 1 - Sponsor letter of intent to be filed with SED.

This will allow time for early approval and training, as well as for outreach to "under-represented" communities in the city.

February 1 - Initial sponsor approvals.

This must occur before sponsors can begin signing up sites.

SITES:

March 1 - Sponsors must submit applications for 50% of projected number of sites.

This will permit early start of site approval; determination of total number of sites; ample time for outreach; prevention of heavy concentration of sites in a very small area.

April 1 - Sponsors get approval for bidding.

Additional 25% of total sites submitted for approval.

(April 15 - final approval for first 50% of sites.)

May 1 - Additional 15% of total sites submitted for approval.

(May 15 - final approval for next 25% of sites.)

June 1 - Final 10% of total sites submitted for approval.

These sites will primarily consist of programs which are funded for the summer only and volunteer groups. Site approval completed for 90% of sites.

June 15 or 20 - Site approval completed for final 10% of sites.

VENDORS:

January 1 - Vendor applications filed.

This will provide time for plant inspections, a basis for determination of maximum capability of vendor and outreach, particularly for small, community-based caterers.

April 1 - Vendor approvals completed.

(Except for new vendors being recruited into program.)

May 1 - Final approval date for all vendors.

BIDDING AND CONTRACTS:

April 1 - Final prototype contract available for sponsors.

This will allow time for sponsors to develop additional contract specifications, where desired.

May 1 - Final date for announcement of bid openings.

May 15 - Final date for bid openings to be held.

Leaves two weeks for sponsure to check past performances and visit production plants of those vendors who have bid on their contract.

June 1 - Final date for contract signing.

STATE EDUCATION DEPARTMENT:

In order to meet the proposed timetable the internal organization of the SED Summer Food Program will require careful evaluation. A hiring schedule must be developed which realistically reflects the needs of the program.

The following are areas in which personnel must be hired and trained:

Administration

* Planning skills and knowledge of the target community.

* Developing forms for application and approval of sponsors, vendors and sites.

* Processing applications.

* Evaluating previous sponsor, vendor and site records.

* Establishing and running field offices..

During the 1976 program, field offices were established along borough lines, with Queens and Staten Island under one borough chief. We would suggest that next year the field structure match heavy concentrations of eligible children which could mean two borough offices in Brooklyn.

Research

* Citywide demographic data should be collected to establish the approximate number and location of children eligible for the food program. A working area should be established, whether it be health districts, census tracts or school board lines.

* Determination of areas where outreach is needed.

* Mapping of sites as they are approved to prevent overconcentration of sites in a small area.

* Determination of sponsor territories.

Contracts and Bid Procedures

* To develop specific, comprehensive prototype contract and to provide assistance to sponsors in expansion of specifications to meet particular needs.

Training

* Development of separate training programs for sites and sponsors, vendors, self-catered programs and residential camps.

Materials

For Sponsors:

* SED sponsor bulletins for specific New York City information.

* Detailed description of bidding procedure.

* Model contract and specifications.

* Record-keeping and audit procedures.

For Sponsors and Vendors:

* Instructions for application and approval.

* Model contract and specifications.

* Recommended menus.

* Procedures for site verification of delivery.

* Audit record keeping procedures.

For Sites:

* New York State sites rights handbook.

Monitoring

Expertise should be developed for each aspect of the program (sites, sponsors, vendors, self-catered programs, residential camps)

Duties should include:

* Field visits prior to final approval.

* Attendance at bid openings.

* Outreach.

* On-going monitoring.

* Evaluation at end of 1977 program.

NEXT STEPS

The Timetable for Approving SED's 1977 Plan

The timetable for the development and approval of the SED plan for the 1977 program is as follows:

October -	internal department agreement on plan.
November -	publication of plan for public comment within 20 days.
December 1 -	SED plan delivered to Board of Regents for approval.
January 1 -	Regents-approved SED plan to Governor for approval.
February 15 -	submission to USDA for final approval.

Hold Public Hearings on the State Plan

The Hunger Task Force petitions the Board of Regents to hold public hearings during November in New York City and in Albany on the Summer Food Program. Public hearings during the public comment period in November will ensure that the State plan is comprehensive and adequate. However, even before the plan is formally approved, SED should immediately begin its year-round supervision and staffing of the summer food program.

Appoint A Task Force on the Summer Food Program

The Board of Regents should also appoint a Task Force on the Summer Food Program. This citizen's committee should include:

* Representatives of community agencies with a food advocacy interest but without a current financial interest in the program.

* Former or current site representatives with no financial interest in the program.

* Parents of children who have participated in the program.

* Representatives from the Governor's office.

* Personnel from summer camps.

- Nutritionists involved in public food advocacy.
- Representatives from the Mayor's and Comptroller's office.
- Lawyers connected with food advocacy projects.
- An official staff liaison from the Board of Regents to the Task Force.

The purpose of the Task Force will be to guarantee that a comprehensive and workable plan for a successful 1977 program is developed by SED, and that the plan's realistic timetable is adhered to. If SED should fail to carry out its responsibilities early in the 1977 program, the Task Force will have recourse to the Board of Regents itself, the State Legislature and the Governor.

Continuing Community Council Hunger Task Force Activity

Of course, The Hunger Task Force will continue to maintain an active interest in the program, and will ask the Governor to intervene if there is no response from the Regents. It can also call upon an already interested, alerted and involved New York City Congressional delegation to mandate the implementation of a well-run program for our children.

Complete and Initiate Program Investigations

We also recommend that the United States Attorney's investigation of the 1975 program be completed, and a thorough investigation of the 1976 program on all levels, (District Attorney's offices in all five boroughs, as well as the U.S. Attorney's office and Federal investigative agencies) be completed quickly. Findings and criminal actions against sponsors and vendors must be completed prior to the 1977 program so those elements can be prevented from participating in the program again.

These steps may seem an unduly harsh approach, but the massive failure by SED in administering the 1976 program necessitates extraordinary measures. If it is to retain control of the program, SED must make a meaningful commitment to a publicly agreed upon plan, and it must be held accountable for the completion of each step in that plan.

PROGRAM DESCRIPTION

HISTORY OF PROGRAM NATIONALLY

In 1968, the National School Lunch Act was amended to provide funds for the Summer Food Program so that needy children could continue to be served during the school vacation months. The original 1968 legislation limited participation to those children whose family's income was below the federally determined poverty level, and it also limited meal service to lunch and, in some cases, breakfast. There was also a limitation on the total amount of funds allocated to the program.

On October 7, 1975, the Act was amended by Public Law 94-105, passed over presidential veto, which broadened the scope of the food program. Current legislation broadens the program considerably, with meals now including breakfast, lunch, supper and two snacks. All children who live in an area where one-third of the families are at or below 195% of the poverty level are now eligible for the program. Residential camps are also able to be reimbursed for meals under the current program. For copies of former and present regulations, see Appendix 15 .

The program is administered on the Federal level by USDA's Food and Nutrition Service (FNS). At the state level, the program is administered either by the FNS regional office, or by the state education agency.

HISTORY OF THE PROGRAM IN NEW YORK CITY

Until 1971 there was almost no summer program in New York City except for a few small, self-catered sponsors. The Board of Education refused to take responsibility for the program, despite the desperate need of many of its students. No other municipal agency would agree to supervise the program.

In 1971, SED approached the United Bronx Parents (UBP), a small community group which had been an outspoken critic of the Board of Education's Bureau of School Lunches and of the quality of meals served in the public schools. UBP was offered the opportunity to sponsor the Summer Lunch Program in New York City, and that year, ran a successful citywide program. They fed nearly 250,000 children daily, in all five boroughs, with about 8 million dollars in funding, under SED administration.

In 1972 and 1973, SED continued to run the state program, which grew steadily. In 1974 and 1975, SED refused to administer the program as no funding for its administrative costs was available, and the program was directly supervised by the Food and Nutrition Service Regional Office (FNSRO) during those two years. This year, with 2% of total program cost available for administrative expenses, SED again agreed to run the program.

New York City continues to operate a unique program, with no municipal agency involved, and program sponsorship the responsibility of local, non-profit groups.

WHY THE PROGRAM IN NEW YORK CITY IS SPECIAL

What started in 1971 as a community-organized program serving 250,000 children, has grown to be an essential, complex, but poorly administered operation trying to feed over one million children daily. The New York City program accounts for one-third of the total nationwide program - not because it is too big here, but because it has never reached it's potential eligible population elsewhere. The sheer size of the city's program and the millions of dollars spent on it in two months (over $65 million in 1976) has singled it out for special scrutiny by Congress. The fate of the entire nationwide program may well depend on the degree of its success in New York City.

Such a large-scale, multi-million dollar food program that potentially benefits more than a million low-income children has attracted thousands of hard-working and dedicated volunteers and workers. Unfortunately, it has also attracted unscrupulous people whose only interest is profit.

SED knew that the USDA-run 1974 and 1975 programs had resulted in serious abuses and, though the U.S. Attorney's investigations were not completed prior to 1976, SED knew that "bad" food had been served on a large scale. (See Appendix 15, for excerpts from the New York City Comptroller's report on the 1975 program). SED also had warning of collusion between some sponsors and vendors and knew about problems with bid procedures and contracts.

Despite past experiences, despite the warnings and knowledge SED had of the potential problems in the program, and due to the incompetent administration of SED, abuses were permitted to occur again - only this time, the resulting publicity devastated the program.

SCANDAL - 1976

Few social programs have ever experienced such intense and sustained media attack as did the 1976 Summer Food Program. Daily reports of scandal in each of the major newspapers and nightly TV news coverage started in mid-July, and continued uninterrupted for three weeks. (For news clips, see Appendix 4).

The Congressional exposure of bid-rigging, rip-offs and secret deals between sponsors and vendors focussed attention on corruption, but often left the impression that these problems were an "expected" part of the program and not the result of very bad administration by SED. Consequently, some observers concluded that the only cure would be to kill the program or to so severely limit it as to prevent it from reaching many children in need.

At first, the media concentrated on the sites where adults were eating or carrying off large quantities of food. That did indeed happen at some sites, but the great majority of sites were staffed by volunteers - caring people who in many cases did not understand the rules and regulations governing the program. (See page 62 for documentation of the inadequate training sites received.) Later, the media's focus shifted to put the blame where it more rightfully belonged - on some of the corrupt and profit-driven vendors and sponsors and, finally, on SED whose ineptitude and incompetence permitted these elements to function freely in the program.

The question remains - will the 1976 scandal in New York City provide the enemies of this program with the ammunition they need to end it? Will they be able to destroy this program in Congress next year, using New York City to "prove" that the program is not feasible?

THE PROGRAM'S POTENTIAL

The potential of the summer food program is tremendous:

* It brings needed and nourishing meals to hundreds of thousands of poor children daily.

* It also brings a rapid infusion of federal dollars into the city's economy. Every dollar of federal money spent on the program produces an estimated $3 to $4 dollars in taxes and economic impact.

* Many jobs are generated by the program - directly in terms of production and delivery of food to the children, and indirectly through the additional production of milk, juice, bread, meat and other components of the meals.

This report and its recommendations form the basis for a well-run summer food program in New York City. Next year will probably be the last chance this program will have to fulfill its potential.

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INTRODUCCION

LAS RAZONES POR UN PROYECTO DE VIGILANCIA

Las fuerzas contra el hambre a través del país gozaron de un gran alivio cuando, en octubre del año pasado, el congreso aprobó la Ley de 1975 Para la Nutrición Juvenil, no obstante un veto presidencial. La ley refleja el reconocimiento del congreso de la necesidad urgente de alimentar a los millones de niños malnutridos en Los Estados Unidos. La nueva ley incluye la expansión de las finanzas y el alcance del Programa de Alimentos de Verano, cuyo propósito es proveerle a los niños cenas nutritivas durante los meses cuando las escuelas están cerradas.

Sinembargo, el sentido de alivio fue templado con el temor que el futuro del programa fuera perjudicado por los abusos que habían sido permitidos en la Ciudad de Nueva York en el verano de 1975. Según parecía, si los fallos del año pasado se repetían en el 1976, era probable que el congreso retirara los fondos para la Ciudad de Nueva York y tal vez terminara con el programa por completo a través del país.

Para prevenir la repetición de los problemas del '75, el Comite Especial Contra el Hambre "Hunger Task Force" del "Community Council of Greater New York" participó en discusiones y reuniones con oficiales del Departamento de Agricultura de Los Estados Unidos ("USDA") e inició reuniones durante el invierno y la primavera del '76 con el Depto. de Instruccion Estatal, la oficina del gobernador, auspiciadores y vendedores anteriores y otros participantes del programa. El Comité Especial Contra el Hambre trató de llamar la atención a los problemas potenciales, pero enseguida quedó claro que no se había aprendido lo suficiente de los errores anteriores como para asegurar que no se repitieran.

Como resultado, el Comité Especial Contra el Hambre decidió que era esencial un ciudadoso escrutinio del programa durante el verano del '76 para determinar si el programa, según está actualmente constituido, podía ser administrado adecuadamente, así como para que se comprendiera y se documentara lo sucedido y las razones porque sucedió. Fondos fueron proveídos por el "New York Community Trust" y "The Fund for the City of New York" para una propuesta por un proyecto de vigilancia, el Proyecto de Vigilancia del Programa de Alimentos de Verano se inició en Mayo del 1976. El personal del proyecto incluyó la directora, una consultante a tiempo parcial, tres personas a cargo de la evaluación y doce entrevistadores del "Neighborhood Youth Corps."

INFORMACION Y DEFINICIONES BASICAS

Los siguientes términos y conceptos se usan a través de este reportaje, por lo cual es preciso definirlos desde un principio.

Elegibilidad: Todo niño menor de (e incluyendo) los 18 años que reside en una área donde el ingreso anual de un tercio (1/3) de las familias no excede el 195% del nivel de pobreza, según determinado por el gobierno federal (vea apéndice #1 para "Eligibility Guidelines.") Casi todos los niños en la Ciudad de N.Y.-- aproximadamente dos millones -- llenan este requisito.

Administración: El Departamento de Agricultura de E. U. (USDA) es la agencia federal que regula y financea el programa. Este año el Depto. de Instrucción Estatal (SED) administró el programa directamente para la ciudad y el estado de New York.

Fondos: Hay fondos federales disponibles para alimentar a todo niño elegible que el programa pueda alcanzar, no obstante el número que sea.

Tipo de Comidas: Las comidas permisibles son desayuno, almuerzo,
cena y dos suplementos de a.m. y p.m. Las comidas deben al menos
llenar los requisitos mínimos "Tipo A". Por ejemplo, el almuerzo
debe contener 2 onzas de proteína, media pinta de leche, 3/4
copas de fruta, y/o vegetales, y una tajada de pan enriquecido.
(Vea apéndice #2 para especificaciones adicionales)

Modelo de Reembolso: Al Auspiciador se le reembolsa por cada
comida servida: desayuno por $.45, almuerzo y cena por $.8075
(80 3/4¢), meriendas por $.2125 (21¼¢) y por los gastos administrativos
de los auspiciadores a base de $.65 (6½¢) por comida servida.
La agencia estatal recibe 2% del total para gastos administrativos.

Auspiciadores: En la mayoría de las ciudades los auspiciadores
son agencias municipales -- El Depto. de Instrucción o los depar-
tamentos de Parques y Recreo. La Ciudad de Nueva York es la
excepción por tener auspiciadores que son grupos con fines no
pecuniarios como el "Urban League," el "YM-YWCA", corporaciones
de la comunidad, iglesias, grupos comunales, etc. Estos auspicia-
dores identifican grupos en su municipio o "borough" llamados
"locales", los cuales serán proveídos de comida por un vendedor.
También existen pequeños programas que preparan y sirven su propia co-
mida.

Vendedores: Proveedores de comida con fines pecuniarios, los
cuales son contratados por los auspiciadores para entregar comida
directamente a los locales, donde se distribuye a los niños.

Locales: El lugar donde los niños comen -- por ejemplo: campos
de verano diurnos, calles de juego, escuelas, centros comunales,
programas de recreación, asociaciones de "bloques" dondequiera que
se puedan alcanzar niños. (Vea el apéndice para un gráfico
mostrando las conecciones entre las partes del Programa de Alimentos
de Verano).

RECOMENDACIONES PRINCIPALES*

A La Junta de Regentes del Depto. de Instrucción:

1. El Depto. de Instrucción Estatal debe ser la agencia pública encargada de la responsabilidad de supervisar el Programa de Comidas de Verano para el año 1976-1977. (Página 22)++

Hacemos esta recomendación, aún sabiendo que el Depto. de Instrucción Estatal administró el programa del 1976 de una forma desastrosa, con el requisito que el Depto. de Instrucción y la Junta de Regentes se comprometan públicamente con un plan para el 1977 que pueda asegurar un programa bien administrado.

2. Debe establecerse un comité especial sobre el Programa de Comidas de Verano para garantizar que el Depto. de Instrucción desarrolle e implemente un plan viable y comprensivo para el 1977. (Página 18n)

3. Deben darse vistas públicas en Noviembre sobre el plan propuesto por el Depto. de Instrucción para 1977. (Página 18n)

Al Depto. de Instrucción Estatal:

A. Recomendaciones Administrativas:

1. El Depto. de Instrucción Estatal debe mantener personal todo el año para el Programa de Comida de Verano. (Página 24)

B. Con Relación a los Auspiciadores:

1. Se debe prestar atención particular a aquellos programas que preparan su propia comida y a los pequeños auspiciadores para estimular su participación. Deben ser tratados como categoría aparte, y deben recibir adiestramiento especial y asistencia técnica separadamente de aquellos auspiciadores que contratan con vendedores. (Páginas 35, 48)

2. Todos los auspiciadores deben ser organizaciones que existen el año entero y le brindan servicios, además de alimentos en el verano, especificamente a esa comunidad. (Página 35)

3. Los auspiciadores deben limitarse a territorios específicos al seleccionar locales. Los límites vigentes sobre el número total de locales permisibles deben retenerse, con la excepción de nuevos auspiciadores, los cuales deben limitarse mas aún. (Página 36)

++Explicaciones de estas recomendaciones aparecen en las páginas citadas.

4. Debe desarrollarse un contrato modelo obligatorio y deben establecerse procedimientos claros para la postura, la cual debe ser vigilada. (Página 41)

5. Auspiciadores que son campos residenciales deben ser tratados como una categoría aparte. (Página 4g)

C. Con relación a los Locales:

1. Siempre que sea posible, la selección y aprobación de los locales por el Depto. de Instrucción debe ocurrir tres meses antes de comenzar el programa. Se debe permitir que algunos locales (asociaciones de "bloques," programas de verano) se unan al programa luego de este haber comenzado. (Página 57)

2. Todo el adiestramiento de personal del local debe ser vigilado , de forma comprensiva por el estado. El estado debe poner a la disposición pública un folleto de instrucciones para los locales y debe requerirse que el patrocinador prepare un suplemento a este folleto. (Página 62)

3. Para proteger a los niños, debe el estado exigir especificaciones al contrato sobre que procedimiento seguir para reponer inmediatamente comidas no aceptables. (Página 64)

D. Con Relación a los Vendedores

1. Los vendedores deben ser aprobados por el Depto. de Instrucción Estatal para ser elegibles para posturar y participar en el programa. La base para la aprobación debe ser capacidad, evaluación de cumplimiento anterior en el programa, y acatamiento con los reglamentos de salud. (Página 73)

2. Solamente productores primarios (vendedores que reunen y entregan la comida) deben permitirse participar en el programa. (Página 74)

3. El número de comidas preparadas por cada vendedor debe limitarse, según la capacidad de este. Se debe fijar un número máximo para vendedores nuevos. (Página 75)

4. Especialistas diestros deben ser asignados por el Depto. de Instrucción Estatal para inspeccionar a los vendedores continuamente. (Página 76)

5. La salubridad de los alimentos debe ser garantizada a través de análisis por laboratorios independientes, los cuales deben ser pagados por el vendedor. La necesidad de que participe el Depto. de Salud de la Ciudad de Nueva York debe ser reconocida en el presupuesto del estado

y debe haber consulta continua entre las dos agencias. El Depto. de Agricultura (USDA) debe poner a sus especialistas a la disposición del Depto. de Instrucción Estatal para dar adiestramiento en la inspección de comestibles y de plantas de preparación de comestibles. (Página 78)

6. El Depto. de Agricultura y el Depto. de Instrucción Estatal deben desarrollar especificaciones claras para alzar la calidad de la comida -- en vez de meramente requerir la comida mínima "Tipo A." (Página 79)

7. La aceptación de los alimentos debe ser vigilada, con atención a la variedad, rotación del menú, y flexibilidad. Deben considerarse las necesidades y preferencias étnicas y religiosas de la comunidad. (Página 79)

Al Congreso:

1. La ley federal debe considerar la cuestión de permitir el consumo "controlado" de comidas fuera del local cuando este no provee otro servicio que no sea servir comida. (Por ejemplo, una comida por niño o que se permita que un niño o adulto se lleve comida para todos los niños en el hogar). (Página 67)

2. Los reglamentos referentes a la alimentación de adultos deben ser lo suficientemente flexibles como para tomar en consideración la grave realidad social y económica a la cual se enfrenta la población entera de muchas áreas urbanas. (Página 68)

3. El reembolso por los gastos administrativos de los auspiciadores debe ser normalizado, no aumentado automáticamente según el número de comidas aumenta. (Página 47)

Al Comité Especial Sobre el Hambre del "Community Council":

1. Se deben organizar grupos de vigilancia compuestos de padres y otras personas interesadas para inspeccionar las operaciones del programa a los niveles de estado, auspiciador, vendedor y local. Un grupo de este tipo puede mejor proteger los intereses del público que una prensa que, aunque puede descubrir algunos abusos, está mayormente interesada en escándalos, por lo cual le hace daño al programa, ya que enfatiza errores sin enfocar causas.

*Algunas notas sobre las recomendaciones:

1. Las recomendaciones son interdependientes -- los efectos de algunas dependen de que se implementen otras.

2. Para poder desarrollar estas recomendaciones nos reunimos con locales, auspiciadores, vendedores, oficiales del Depto. de Instruccion Estatal, del Depto. de Agricultura de Los Estados Unidos, asi como del Depto. de Salud de la Ciudad de Nueva York y con representantes del congreso. Nuestras recomendaciones no necesariamente representan su sentir, pero sus sugerencias estan reflejadas en varias de nuestras recomendaciones.

3. Estamos de acuerdo con las recomendaciones del "Children's Fondation," (Vea apéndice) las cuales se dirigen al programa en el marco nacional. Sinembargo, como proyecto de vigilancia para la Ciudad de Nueva York, nuestras recomendaciones se relacionan específicamente con la Ciudad de Nueva York.

4. Para evitar confusión en 1977, sugerimos que se hagan el mínimo posible de cambios en la ley. Los reglamentos actuales son suficientes para administrar el programa adecuadamente.

SUGERENCIAS PARA EL CONTENIDO Y EL CALENDARIO DEL PLAN ESTATAL DE 1977

Los próximos pasos a seguir para el Depto. de Instrucción Estatal y la Junta de Regentes deben basarse sobre un itinerario y un dibujo de ejecución detallados para 1977.

El Depto. de Instrucción Estatal debe determinar de antemano sus necesidades de personal, equipo, y materiales y debe hacer lo necesario para garantizar que se cumpla con el itinerario para que estos pasos se tomen a tiempo.

En octubre, el Depto. de Instrucción recibe un tercio (1/3) del total de los gastos administrativos anticipados para el 1977. Cualquiera que sea el procedimiento necesario para convertir esa carta de crédito en líneas de empleo y facilidades para comprar o alquilar equipo y materiales de oficina, debe ser instituido inmediatamente. Este año no se puede permitir que se ahogue el programa en el laberinto burocrático.

CALENDARIO

AUSPICIADORES:

1ro de enero - Deben hacerse las solicitudes para auspiciadores con el Depto. de Instrucción.

Esto dará tiempo para que se hagan las aprobaciones y el adiestramiento temprano, también como para que se lleve a cabo el reclutamiento en comunidades con poca representación en el programa.

1ro de febrero - Aprobación inicial de auspiciadores

Debe suceder antes de que los auspiciadores empiecen a reclutar locales.

LOCALES:

1ro de marzo - Los auspiciadores deben someter solicitudes por el 50% del número proyectado de locales.

Esto permitirá que se aprueben los locales temprano, facilitará la determinación del número total de locales, y dará suficiente tiempo para reclutar. También servirá para prevenir la concentración demasiada alta de locales en áreas pequeñas.

1ro de abril - Los auspiciadores reciben aprobación para empezar el procedimiento de postura.

Un 25% adicional del total de lugares debe ser sometido para ser aprobado.

(15 de abril - aprobación final para el primer 15% de lugares).

1ro de mayo - Un 15% adicional de lugares debe ser sometido para aprobación.

(15 de mayo - aprobación final para el próximo 15% de lugares).

1ro de junio - El último 10% del total de lugares se somete para aprobación.

Estos lugares serán mayormente programas financiados solamente para el verano, así como grupos voluntarios. Se habrá completado la aprobación para el 90% de lugares.

15 o 10 de junio - Se completa la aprobación del último 10% de lugares.

VENDEDORES:

1ro de enero - Los vendedores someten solicitudes.

Esta fecha dará tiempo para la inspección de plantas de producción (Una de las bases para determinar la capacidad de producción) así como para el reclutamiento de nuevos vendedores, particularmente aquellos vendedores pequeños con bases en la comunidad.

1ro de abril - Terminación de aprobaciones para vendedores.

(Con excepción de nuevos vendedores reclutados al programa)

1ro de mayo - Fecha final para la aprobación de todos los vendedores.

POSTURAS Y CONTRATOS:

1ro de abril - El contrato modelo se distribuye a los auspiciadores.

Esto les permitirá tiempo a los auspiciadores para desarrollar especificaciones adicionales al contrato, donde ellos lo deseen.

1ro de mayo - Fecha final para anunciar aperturas de posturas en la prensa.

15 de mayo - Fecha final para llevar a cabo las aperturas de posturas.

Esto permite dos semanas para que los auspiciadores visiten las plantas e investiguen el comportamiento anterior, etc., de aquellos vendedores que han posturado por su contrato.

1ro de junio - Fecha final para la firma de contratos.

DEPARTAMENTO DE INSTRUCCION ESTATAL:

Para poder cumplir con el itinerario sugerido, es preciso evaluar cuidadosamente la organización interna del Programa de Alimentos de Verano del Depto. de Instrucción Estatal. Hay que desarrollar un plan donde se fije el tiempo para el empleo de personal, el cual refleje las necesidades prácticas del programa.

Las siguientes son áreas en las cuales hay que emplear y adiestrar personal:

Administración

- Experiencia en planificación y familiaridad con la comunidad en cuestión.
- Desarrollo de formas en blanco para la solicitud y aprobación de auspiciadores, vendedores y lugares.
- Reviso de solicitudes.
- Evaluación de archivos sobre auspiciadores, vendedores y lugares.
- El término "comunidad" debe definirse como una área donde se encuentra una población elegible particular (por ejemplo, los limites de los "borough" no indican la distribución uniforme de niños elegibles). Según Queens y Staten Island quedaron bajo la jurisdicción de un jefe de "borough" en 1976, se debe considerar la subdivision de "boroughs" que contienen grandes concentraciones de niños elegibles. Se sugiere que las subdivisiones se hagan en unidades de 250,000 niños.

Investigaciones

- La colección de datos demográficos necesarios para determinar el número aproximado de niños elegibles por áreas de salud, distritos escolares, etc.
- Determinación de áreas donde hace falta hacer reclutamiento.
- Marcar en mapas los lugares, según son aprobados, para prevenir concentraciones en áreas pequeñas.
- Determinación de territorios para los auspiciadores.

- Representantes de la oficina del gobernador.
- Personal de campos de verano residenciales.
- Nutricionistas interesados en promover la alimentación pública.
- Representantes de las oficinas del alcalde y del contralor.
- Abogados conectados con proyectos en pro de la alimentación pública.
- Un representante oficial nombrado por la Junta de Regentes.

El propósito del comité será garantizar que el Depto. de Instrucción Estatal desarrolle un plan viable y comprensivo para un programa exitoso en el 1977, y que siga el calendario práctico del plan.

Actividad Continua del Comité Especial Sobre el Hambre de "Community Council"

Por supuesto, El Comité Especial Sobre el Hambre continuará activamente interesado en el programa, y le pedirá al gobernador que intervenga si la Junta de Regentes no responde. También el comité puede apelarle a la delegación congresional de la Ciudad de Nueva York, la cual ya está alerta y comprometida con la implementación de un programa efectivo para nuestros niños.

Iniciar y Completar Investigaciones sobre el Programa

Recomendamos que se complete la investigación comenzada por la oficina regional del fiscal federal sobre el programa de 1975. Recomendamos que una investigación cuidadosa que incluya a todos los niveles (la oficina del fiscal del distrito y agencias de investigaciones Federales) se complete rápidamente. Acción tribunal contra auspiciadores y vendedores debe completarse antes del programa de 1977 para asegurar que estos elementos no puedan volver a participar en el programa.

Estos pasos parecerán indebidamente severos, pero el fracaso masivo que fue la administración del programa del Depto. de Instrucción Estatal en 1976 exige medidas extraordinarias. Si ha de retener el control del programa, el Depto. de Instrucción Estatal tiene que comprometerse con un plan acordado por el público y tiene que rendir cuentas por el cumplimiento de cada paso de ese plan.

Contratos y Procedimientos de Postura:

* Desarrollo de un contrato modelo comprensivo y específico y provisión de asistencia para auspiciadores que quieran expandir las especificaciones para que estas correspondan con sus necesidades particulares.

Adiestramiento

* Desarrollo de adiestramiento aparte para lugares, auspiciadores, vendedores, programas que preparan su propia comida y campos de verano residenciales.

Materiales

Para Auspiciadores:

* Boletines para auspiciadores preparados por el Depto. de Instrucción Estatal especificamente para la Ciudad de Nueva York.

* Procedimiento detallado para posturas.

* Contrato modelo y especificaciones.

* Procedimiento de archivar y auditar.

Auspiciadores y Vendedores:

* Instrucciones para la solicitud y aprobación.

* Contrato modelo y especificaciones.

* Menú.

* Procedimientos para la verificación de los lugares y del entrego de comida.

* Procedimiento para archivar y auditar.

Para Lugares:

* Folleto para los lugares del Estado de Nueva York.

Vigilancia

Se debe desarrollar destreza en cada aspecto del programa (lugares, auspiciadores, vendedores, programas que preparan su propia comida, campos de verano residenciales).

Las Tareas deben incluir:

* Visitas al campo de operación (lugares, auspiciadores y vendedores) antes de la aprobación final.

- Asistir a las aperturas de posturas.
- Reclutamiento.
- Vigilancia continua.
- Evaluación al finalizarse el programa de 1977.

PROXIMOS PASOS

El Calendario para la Aprobación del Plan del Depto. de Instrucción para el año 1977.

El Calendario para el desarrollo y la aprobación del plan del Depto. de Instrucción Estatal debe ser el siguiente:

octubre - acuerdo interno sobre el plan.

noviembre - publicación del plan para permitir 20 días para comentario público.

1ro de diciembre - Depto. de Instrucción Estatal somete el plan para la aprobación de la Junta de Regentes.

1ro de enero - tras la aprobación de la Junta de Regentes se somete el plan para la aprobación del gobernador.

15 de febrero - se somete el plan al Depto. de Agricultura (USDA) para la aprobación final.

Vistas Públicas Sobre el Plan Estatal

El Comité Especial Contra el Hambre (Hunger Task Force) peticiona a la Junta de Regentes para que lleve a cabo vistas públicas sobre el Programa de Alimentos de Verano durante el mes de noviembre en la Ciudad de Nueva York y en Albany. Las vistas públicas durante el período en noviembre designado para comentario público aseguran que el plan del estado sea comprensivo y adecuado. Sinembargo, el Depto. de Instrucción debe empezar la supervisión y el reclutamiento de personal para el Programa de Alimentos de Verano aún antes de la aprobación formal del plan.

Nombrar Un Comité Especial Para el Programa de Alimentos

La Junta de Regentes también debe nombrar un comité especial para el Programa de Alimentos de Verano. Este comité de ciudadanos debe incluir:

* Representantes de agencias comunales interesadas en promover la alimentación pública, pero que no tienen intereses financieros actuales en el programa.

* Representantes anteriores o actuales de lugares que no tienen intereses financieros en el programa.

* Padres de niños que han participado en el programa.

DESCRIPCION DEL PROGRAMA

HISTORIA DEL PROGRAMA A NIVEL NACIONAL

En 1968 la Ley Nacional de Almuerzos Escolares fue enmendada para que niños necesitados puedan seguir recibiendo comidas durante los meses de vacaciones escolares. La ley original de 1968 limitaba la participación a aquellos niños de familias con ingresos por debajo del nivel de pobreza, según lo determina el gobierno federal. Además, el servicio de comidas se limitaba a el almuerzo y, en algunos casos incluye al desayuno. También había un límite sobre el número total de fondos designados para el programa.

El 7 de octubre de 1975 la ley fue enmendada por la Ley Pública 94-105, que fue aprobada por encima de un veto presidencial, la cual amplió el alcance del programa. La ley actual amplía el programa aún más, ya que ahora las comidas incluyen desayuno, almuerzo, cena y dos meriendas. Todos los niños que residen en un área donde un tercio de las familias reciben ingresos de 195% o menos del nivel de pobreza, ahora son elegibles para el programa. Bajo el programa actual, los campos de verano residenciales también pueden ser reembolsados por comidas.

Al nivel federal el Servicio de Alimentos y Nutrición del Depto. de Agricultura (USDA) administra el programa. Al nivel estatal el programa lo administra la oficina regional del Servicio de Alimentos y Nutrición o la agencia de educación estatal.

Historia del Programa en la Ciudad de Nueva York

Hasta el 1971 prácticamente no existía el programa de verano en la Ciudad de Nueva York, con la excepción de algunos pequeños auspiciadores que preparaban sus propias comidas. A pesar de la grave necesidad de algunos de sus estudiantes, el Depto. de Instrucción rehusaba asumir la responsabilidad del programa. Ninguna otra agencia municipal accedía a supervisar el programa.

En 1971, el Depto. de Instrucción Estatal se acercó a Padres Unidos del Bronx (UBP), un pequeño grupo comunal, que había criticado vigorosamente al Buró de Almuerzos Escolares del Depto. de Instrucción por la baja calidad de comidas servidas en las escuelas públicas. Le ofrecieron la oportunidad a Padres Unidos del Bronx de auspiciar el Programa de Alimentos de Verano en la Ciudad de Nueva York. Ese año este grupo administró un programa exitoso a través de toda la ciudad. Alimentaron a cerca de 250,000 niños diariamente en los cinco "boroughs" con fondos de aproximadamente $8 millones bajo la administración del Depto. de Instrucción Estatal.

En 1972 y 1973, el Depto. de Instrucción Estatal asumió la administración total del Programa Estatal, el cual iba aumentando. En 1974 y 1975 el Depto. de Instrucción rehusó administrar el programa, ya que no habían fondos disponibles para sus gastos administrativos, y durante esos años el programa fue supervisado directamente por la Oficina Regional del Servicio de Alimentos y Nutrición. Este año, el 2% del costo total del programa estaba disponible para gastos adminsitrativos y el Depto. de Instrucción accedió de nuevo a administrar el programa.

La Ciudad de Nueva York continúa operando un programa singular, ya que no hay ninguna agencia municipal envuelta y la auspiciación del programa está a cargo de grupos locales no pecuniarios.

Razones por las cuales se considera especial el Programa en la Ciudad de N.Y.

Lo que empezó en 1971 siendo un programa organizado por la comunidad que servía a 250,000 niños, ha crecido hasta llegar a ser una operación esencial - compleja pero mal administrada - que trata de alimentar a más de un millón de niños diariamente. El programa de la Ciudad de Nueva York responde por un tercio del total del programa nacional - no porque sea demasiado grande aquí, pero porque jamás ha alcanzado a la población elegible afuera. El hecho de que sea tan enorme el programa para la ciudad, y se gasten millones de dólares en dos meses (sobre $65 millones en 1976), lo ha marcado para el escrutinio especial del congreso. El destino del programa entero puede depender del grado de éxito que goce en la Ciudad de Nueva York.

Un programa de alimentos de tal magnitud, multi-millonario, con el potencial para beneficiar a más de un millón de niños de bajos ingresos, ha atraído a miles de trabajadores y voluntarios dedicados y deligentes.

Desgraciadamente, también ha atraído a personas sin escrúpulos, cuyo único interés es el lucro.

El Depto. de Instrucción sabía que en los programas administrados por el Depto. de Agricultura en 1974 y 1975 habían abusos graves. Aunque las investigaciones del fiscal federal no estaban completas antes del 1976, el Depto. de Instrucción sabía que se había servido comida "mala" en grande escala. (Vea apéndice #15 para extractos del reportaje del contralor de la Ciudad de Nueva York sobre el programa de 1975). El Depto. de Instrucción Estatal también fue avisado que existían casos de complicidad entre algunos auspiciadores y algunos vendedores y que habían problemas con los procedimientos de posturas y contratos.

No obstante las experiencias anteriores, advertencias e información sobre problemas potenciales, y como resultado de su propia incompetencia administrativa, el Depto. de Instrucción Estatal permitió que los abusos vuelvan a ocurrir. Pero esta vez la publicidad que resultó arrasó con el programa.

ESCANDALO - 1976

Pocos programas sociales han sufrido tal grado de ataque por la prensa, radio y televisión como lo hizo el Programa de Alimentos de Verano de 1976. Reportajes escandalosos aparecieron diariamente en todos los periódicos principales y en las noticias por televisión desde mediados de julio y continuaron por tres semanas. (Vea apéndice #4)

Las revelaciones hechas por algunos miembros de la delegación congresional de Nueva York sobre la manipulación de posturas, hurtos y pactos secretos entre auspiciadores y vendedores, llamaron la atención sobre la corrupción, pero a menudo dieron la impresión que estos problemas eran de esperarse y no el resultado de la desastrosa administración por parte del Depto. de Instrucción Estatal. Consecuentemente, algunos observadores concluyeron que el único remedio sería eliminar el programa o imponerle limitaciones tan severas que no pudiera alcanzar a una gran cantidad de niños necesitados.

Al principio, la concentración de la prensa cayó sobre lugares donde adultos estaban consumiendo o llevándose grandes cantidades de comida. De hecho, esto pasó en algunos lugares, pero la gran mayoría de lugares funcionaron con voluntarios - personas humanitarias que en muchos casos no comprendían los reglamentos que gobiernan al programa. (Vea página   para documentación del adiestramiento inadecuado que recibieron los lugares). Mas tarde el enfoque de la prensa cambió hacia donde la culpa deveras pertenece: sobre algunos de los vendedores y auspiciadores corruptos y, finalmente, sobre el Depto. de Instrucción Estatal cuya incompetencia permitió que estos elementos funcionaran impunemente dentro del programa.

Todavía no se puede determinar si el escándalo de 1976 en la Ciudad de Nueva York servirá como el arma que necesitan los enemigos del programa para eliminarlo. ¿Podrán destruir al programa en el congreso el próximo año, usando a la Ciudad de Nueva York como ejemplo de que el programa no es factible?

EL POTENCIAL DEL PROGRAMA

El Programa de Alimentos de Verano tiene un potencial enorme.

* Diariamente lleva comidas necesarias y nutritivas a cientos de miles de niños pobres.

* También sirve para inyectar dinero federal en la economía de la ciudad. Cada dólar federal produce aproximadamente $3 a $4 en impuestos e impacto económico.

* El programa genera empleos - directamente en la producción y el entrego de las comidas a los niños, e indirectamente a través de la producción de leche, jugo, pan, carnes y otros componentes de las comidas.

Este reportaje y sus recomendaciones forman la base para un programa de alimentos de verano bien administrado para la Ciudad de Nueva York. El año que viene bien puede ser la última oportunidad que tiene este programa de alcanzar su potencial.

REPORT AND RECOMMENDATIONS ON THE ADMINISTRATIVE ACTIVITIES OF THE STATE EDUCATION DEPARTMENT

BACKGROUND

During the summer of 1976, the State Education Department (SED) was the public agency with primary supervisory responsibility for the Summer Food Service Program for Children. Simply put, it was the public's chief architect, responsible for setting up the program, and it was also the public's chief advocate, monitoring the program to ensure that taxpayer's money was being used solely to provide eligible children with food which met USDA standards. (For a diagram of the Summer Food Program's location in SED's organizational chart, see Appendix 5).

The Community Council's Monitoring Project, after five months of intensive study of the program's functioning, concludes that the State's supervision of the Summer Food Program was so abysmally bungled that mismanagement, rip-offs, and scandal were inevitable outgrowths of the general administrative confusion.

This section documents that viewpoint and suggests administrative alternatives. In doing so, it is strongly maintained that the Summer Food Program is not, by nature, a failure, but that the quality of administration does, in fact, determine the quality of a basically sound program. The 1976 program in New York City never had a chance to demonstrate its obvious merits. Its potential was crushed by administrative ineptitude. For a discussion of USDA's role, see Appendix 6).

The program is too valuable to permit any repetition in 1977 of the supervisory break-downs that jeopardized the provision of food to one million children in New York City who desperately need it.

STATE EDUCATION DEPARTMENT'S DUTIES

The State's role, as required by Federal regulation, can best be described as omnipresent, overseeing every step taken in the program. The State is required to:

> "...provide consultative, technical and managerial personnel to administer the Program and monitor performance and to measure progress towards achieving the Program goals;..."
> United States Department of Agriculture Food and Nutrition Service -Regulation, Sec. 225.5(a)(1)

Translated into specifics, this means that SED must make a major effort on two fronts: it must establish a complicated internal office operation in order to perform its administrative functions; and it must initiate and/or supervise all program areas, including sponsor and site approvals, sponsor and site training, sponsor accounting procedures, vendor performance, etc.

Supervisory responsibility of this magnitude empowers the State agency with the ability to make or break the Program, depending on how carefully or negligently its authority is exercised.

SED ACTIVITIES MONITORED

Because of the pivotal role that SED could play in shaping the food program, the Community Council Monitoring Project decided to carefully observe SED's performance.

Monitoring SED included the following activities:

* Formal and informal discussions and "progress" interviews with SED's Program Coordinator.

* Attendance at all types of SED training sessions, including those for sponsors, site monitors and vendor monitors.

* Interviews with Borough Chiefs and phone contacts

with Borough personnel.

- Interviews and frequent phone contacts with the contract specialist overseeing vendor-sponsor contracts.
- Frequent contacts with the SED unit monitoring vendors.

Through what amounted to almost daily contact with SED's operation, the project developed the basis for its reportage and its recommendations regarding SED's performance.

PROGRAM INTERVENTION BY THE MONITORING PROJECT

It should be noted that contact between the Project and SED staff was not restricted exclusively to data-gathering and observation. At times, when it became obvious from other monitoring activities that SED was about to make a serious supervisory blunder, the project immediately warned SED.

An example was our recommendation to SED that it should monitor bid openings. (Bid openings are the procedure where sponsors open sealed bids from competing vendors in order to select the one that will become their food supplier.)

The Project's independent monitoring of bid openings and contact with sponsors quickly revealed rampant confusion about required procedures. In some instances, the procedures followed even seemed suspect. SED ignored these warnings, claiming it lacked sufficient monitors to oversee bid openings. This disclaimer of responsibility for bid openings later returned to haunt SED when it was publicly charged that several sponsors had rigged procedures to favor a preselected vendor.

Close familiarity with the various aspects of SED's operations provided the project with the basis for the recommendations which follow.

RECOMMENDATIONS

CHOICE OF PUBLIC AGENCY TO ADMINISTER THE SUMMER FOOD PROGRAM

RECOMMENDATION 1: THE STATE EDUCATION DEPARTMENT SHOULD BE THE PUBLIC AGENCY CHARGED WITH SUPERVISORY RESPONSIBILITY FOR THE SUMMER FOOD PROGRAM IN NEW YORK FOR 1976-77.

We make this recommendation, despite our knowledge of SED's terrible maladministration of the 1976 program, with the requirement that SED and the Board of Regents make a public commitment to a plan for 1977 that insures a properly-run program. That plan must also be subject to public recommendations, and once its content is established, SED must be held to its implementation.

We also made this recommendation after serious consideration and elimination of other public agencies that could supervise the program:

United States Department of Agriculture - We think it a mistake for the main federal agency responsible for this program to actually administer it directly. USDA is the regulatory agency between congressional legislation and the reality of the way food programs are carried out, and in that role they have frequently curtailed participation rather than expanded it.

In 1974 and 1975 the USDA Food and Nutrition Service Regional Office (FNSRO) did administer the New York State and New York City programs directly. Not only did the USDA-FNSRO run bad programs in those years, but the disastrous 1975 program, which is still being investigated by the U.S. Attorney's office, was loaded with the same corruption and maladministration that reached its height this past summer.

When FNSRO runs the program, and does it badly, the remedy is remote. Only direct intervention on the federal level can make changes. No local agencies would have authority any longer.

A Municipal Agency - The Board of Education's Bureau of School Lunches is scandal-wracked and incompetent. It has refused to run this program every year since 1968 and there would be no summer program in New York City if it had been left to them. No other municipal agency has experience with food programs on the scale and magnitude of the Summer Food Program. It would mean starting completely anew and we feel certain the same mistakes of previous years would be repeated.

State Education Department - The SED has to have learned a great deal this summer from their errors. Some of the knowledgable and competent supervisory staff that learned the program this summer year should be retained - depending upon performance and specific skills.

We expect a public commitment of resources, personnel and full backing and support of the program from the Board of Regents and the highest levels of the SED bureaucracy. (See Introduction, page 13 for steps suggested to enforce SED's proper implementation of the 1977 program.)

SED HIRING PRACTICES

RECOMMENDATION 2: SED MUST MAINTAIN A YEAR-ROUND STAFF FOR THE SUMMER FOOD PROGRAM.

Current SED practice is to hire food program staff just a few months prior to the program starting - clearly inadequate lead time for a program estimated at costing between $65 and $100 million. (For internal SED memos illustrating bureaucratic delay in setting up the food program, see Appendix 15).

In 1976, the program was scheduled to begin operating June 29th. This meant that some 750,000 children would appear at feeding sites throughout the city on that date. However, SED's Summer Food Program coordinator, in charge of both New York State and City operations, was not placed until May 11, 1976 - just 35 working days before the start of the program. Only the assistant coordinator, in charge of the New York City program, had been on staff earlier, beginning work on April 1, 1976.

All other SED staff were assigned to their functions after mid-May. Borough chief and field reviewer hiring was not completed until June 9, 1976. The first contingent of 120 field monitors was not completely hired until mid-June. (For diagrams of SED's New York City staff organization chart and hiring patterns, see Appendix 7).

The Community Council Monitoring Project maintains that the absence of a permanent year-round staff, compounded by the incredible delay in starting the program in 1976, contributed significantly to the confusion and scandals that marred the summer program. With SED, in October 1976, already having received 1/3 of its anticipated 1977 administrative expenses, there can be no legitimate reason for program start-up delays in the future.

RECOMMENDATION 3: SED PLANNERS MUST ACCURATELY PROJECT JOB CATEGORIES AND NUMBER OF WORKERS NEEDED IN ORDER TO PROPERLY STAFF THE SUMMER FOOD PROGRAM IN 1977.

A variety of tasks had to be performed adequately by SED in 1976 in order to achieve an effective program. These included administration, site monitoring, computer operation, secretarial and clerical duties and vendor and sponsor monitoring. It might normally be expected that SED, as an employer, would seek candidates with skills to match the available jobs.

Unfortunately, that rather conventional procedure for hiring staff was not followed. Instead, people who had applied for the job of monitor, which paid $35 per day, were later asked if they perhaps had clerical skills, and were willing to become clerical staff at the rate of $25 per day.

The consequences are described graphically in a SED report prepared by the Manhattan Borough Chief:

> "....To do the mountain of paper work, at the beginning we did not have any clerical help. When we moved down to ___ we were given a poorly/typing(sic) clerk-typist whom (another) office had rejected. In an attempt to deal with the voluminous paper work and endless priorities imposed on us by the administration, I was forced to withhold three additional monitors from the field. __ criticized me very harshly for this, but did not give me any additional clerical help. As a result we were reduced to handling only emergency clerical functions...."

Prior calculation of numbers of staff needed in various job categories is also essential in implementing any program, but it is especially important in a short-term summer program where there is little time for remedying planning errors. In the 1976 food program, the number of site monitors needed was clearly underestimated and the program was severely damaged as a result.

For example, as of June 18, 1976, approximately 5,000 site applications had been submitted to the State. The process for evaluating these sites for admission into the program involved, at the very least, a site visit and the completion of a Site Inspection Report. A second visit often had to be made if site personnel were not on the premises the first time. As of mid-June, 120 monitors had been hired to do this job, with 20 of them assigned to central office functions. Of the remaining 100, most were deployed in teams of two, so that there were approximately 50 teams available to visit 5,000 potential sites -- a ratio of 1 team to 100 sites. In order to meet the opening day deadline, the teams would have had to visit 14 sites a day, at a time when sites had not yet been mapped for geographic closeness.

Clearly, the work to be done was compressed into an unworkable schedule with an insufficient number of workers available. The program thus began with a large percentage of sites unvisited.

RECOMMENDATION 4: CRITERIA FOR EMPLOYMENT IN THE SUMMER FOOD PROGRAM SHOULD INCLUDE DEMONSTRATED EXPERIENCE IN THE NEW YORK CITY NEIGHBORHOODS WHERE FOOD PROGRAMS ARE LOCATED.

Initial hiring practices, directed by Albany, displayed an unusual insensitivity to the unique realities of a New York City-based program. The person hired to be New York State program coordinator had never before managed a program in New York City, despite the City's preponderance in the program. In addition, a major source for monitor hiring was a pool of 400-500 names collected uncritically by SED over the course of a year. This resulted in gross ethnic imbalances, such as only two Spanish-surnamed persons being included among the first 100 monitors hired, and SED's own recognition that it hired a disproportionately greater number of white male monitors than black male monitors.

RECOMMENDATION 5: SED MONITORS SHOULD NOT BE HIRED ON SPONSOR OR VENDOR RECOMMENDATION, NOR SHOULD STAFF HAVE ANY HISTORY OF EMPLOYMENT WITH CURRENT SPONSORS OR VENDORS.

At an April 7, 1976 SED meeting for vendors and sponsors, it was announced that applications for monitoring jobs were being accepted, and the content of this announcement did not discourage sponsors and vendors from endorsing monitor candidates. Recommendations by sponsors and vendors, the very sectors whom monitors were supposed to objectively evaluate, thus became another major source for monitor hiring.

Carried to its possible conclusion, this year there may have been vendor monitors evaluating the very vendors who recommended them for the job.

One of the Borough Chiefs had, in fact, previously worked for a vendor currently in the program and located in the same borough the chief was responsible for monitoring.

SED STAFF TRAINING PRACTICES

RECOMMENDATION 6: STAFF TRAINING AT ALL LEVELS SHOULD BE MADE COMPULSORY, AND THIS TRAINING SHOULD INCLUDE INSTRUCTION BY RESPONSIBLE SITE PERSONNEL, AND SPONSORS AND VENDORS.

In 1976, Borough Chiefs and Field Reviewers, who were responsible for the State's basic monitoring unit - the borough office - along with other key State personnel, received no training in the basics of the food program.

One Borough Chief admitted that, although he instructed his staff in the procedures for approving and disapproving sites, he himself had never been officially told what criteria to use in accepting or rejecting an outdoor site. Another Borough Chief explained that for the entire summer he had interpreted USDA "Priority Reports I, II and III" as indicating degrees of site violations - I being most severe, II less, and III the mildest violations. (USDA also had monitors reviewing sites who sent their reports to State borough offices for immediate response). This Borough Chief regularly sent monitors out to clear up the violations cited in "Priority III" reports, only to discover in the last days of the program that "Priority III" meant a good site with no problems and no violations.

Training was provided for site monitors, but while that training was technically adequate, it lacked several essential elements, such as any reference to the program's goals and its history.

The Summer Food Program can easily be portrayed as an exciting and worthwhile venture. Not only does it provide an essential service-feeding children - but it has a unique and interesting character as a program originated by some spunky community groups. That mission and history were not described in the training, so monitors never really became stimulated by the community-and child-oriented intent of the program.

Monitors were also inadequately prepared for the problems they would encounter on the streets: How to evaluate the adequacy of a street site or how to tell if a meal actually met minimum food quality requirements.

Using responsible site, sponsor and vendor personnel in the training process to graphically describe the summer program experience would make the sessions much more instructive and would also better prepare monitors for their jobs.

ESTABLISHING ADMINISTRATIVE SUPPORT SERVICES

RECOMMENDATION 7: COMPREHENSIVE ADMINISTRATIVE SUPPORT SERVICES MUST BE SUPPLIED FROM THE OUTSET OF THE PROGRAM.

SED's New York City offices had no apparatus for swiftly reimbursing staff for job-related expenditures. Petty cash, instead, had to be routed through Albany, causing inordinate delays. This not only meant offices functioning without basic materials, but it also contributed heavily to staff demoralization.

For example, Program Coordinators and many Borough Chiefs vividly described having to lay out hundreds of dollars of their own money for simple things such as map tacks, file folders and other items which are essential for minimally reasonable office functioning.

Brooklyn monitoring staff, as another example, were using 480 tokens a day by the end of the program, but they were not reimbursed for June and July out-of-pocket expenditures until August. Clearly, a procedure that forces workers to "lose" money for simply doing their job can finally dissuade them from doing their job at all.

Borough Chiefs also complained about not having locked metal file cabinets and instead being compelled to store important public documents in grocery store cardboard boxes. A SED staff member called attention to the status of Brooklyn's files, which had been vandalized previously and were now under Federal injunction, still in the final days of the program, being calmly filed in an unlocked file cabinet. (For illustration of administrative money available to SED which went unused, see Appendix 8)

Another example of a poorly planned internal system was the computer network installed in each borough office. Data from each monitor's hand-written, single sheet Site Inspection Form was punched into the computer, with all the information being compiled on a large computer tape.

The ostensible purpose of putting site lists on computer tapes was to 1) avoid duplication of sites, 2) provide an updated site list accurately reflecting weekly cancellation of sites, changes in numbers of meals, etc., and 3) to provide an accurate basis for reimbursing sponsors by knowing precisely their site and meal quantities.

What appears to have been a potentially rational data system became, according to several Borough Chiefs, a confusing and faulty non-system. They explained that borough computer personnel, in charge of putting the site data into the computer, were themselves former site monitors just recently trained for computer work, and therefore frequently capable of making errors. Borough Chiefs were, by their own admission, never trained in the computer's workings and they did not know what data it could or could not provide them. Hoping to receive from the computer a usable site list, the Borough Chiefs found out that the tapes did not list sites either numerically or alphabetically, so the lists could not be used as a quick reference. Most importantly, the computer could not cancel a site and still retain information about it. Instead, cancelling a site removed it from the data bank entirely, so that sponsors could not be reimbursed for the days or weeks when it was a functioning site.

SUMMARY

The appalling internal administrative foul-ups that characterized the State Education Department have been detailed to show that:

1. the Program was so maladministered internally that it could not function properly;

2. that this is inherent neither to the Program nor necessarily to SED;

3. that this faulty structure could not conceivably monitor sites, sponsors and vendors properly; and

4. that last-minute start-up of the Program was an important cause of the problems that occurred later and that this failure can be corrected only through employment of a permanent SED planning staff for the Summer Food Program.

SPONSORS

WHAT IS A SPONSOR

Sponsors are the key to the success of the Summer Food Program. They are unique in being the only section required to deal with all other parts of the program.

Sponsors receive their approvals, orientation and monies from the State. They have to select sites, train site personnel and deal with any problems that may arise at food centers during the summer. They are also responsible for contracting with vendors and seeing to it that the contract is observed.

Sponsors may be catered (contract with vendor to prepare food) or self-catered (prepare their own food).

Sponsors can be roughly categorized in terms of their purposes and experience:

* Many sponsors are community-minded people, running legitimate programs, whose main purpose is feeding children the best possible quality of food. These are experienced people who understand program operations, audit and bookkeeping procedures, and contracts and bidding.

* There are others who, although interested in running good programs, have received no real training and therefore do not know how to accomplish good-intentioned objectives.

* There are sponsors that do function as active community groups and are interested in helping kids in their area, but are not averse to also making profits by performing what are supposed to be non-profit roles. In these groups, one or several members may arrange for vendors to kick back a few, or not so few, cents (2-15¢) per meal.

* There are local tax-exempt groups - churches, synagogues, etc. - which are approached by a vendor representative to become sponsors - for a fee. (The "sponsor" then, of course, gives their food contract to the vendor who created them.) The vendor in this case may assign someone to run the sponsor's daily operation and to oversee all administrative and bookkeeping responsibilities, including developing site lists.

* Finally, there are sponsors who are actually vendors or whose connections with vendors are firmly established. These groups make their money at the expense of the children by sacrificing food quality.

Sponsors who are really trying to run good programs need to be helped and encouraged by the State. Protection should be provided so that they do not fall prey to unscrupulous vendors. At the same time, investigative procedures must be established to prevent dishonest, ill-intentioned sponsors from participating in this program.

SOME INFORMATION ABOUT SPONSORS

According to the early lists received from SED, the following is a compilation of the total number of sponsors per borough plus the number of sites (by categories), for each sponsor.

Borough	Total Number of Sponsors	Number Sites	Number of Sponsors in Category
Manhattan	57	0-24	33
		25-49	3
		50-99	9
		100-250	11

Borough	Total Number of Sponsors	Number of Sites	Number of Sponsors in Category
Brooklyn	54	0-24	11
		25-49	10
		50-99	8
		100-250	25
Bronx	14	0-24	4
		25-49	1
		50-99	6
		100-250	3
Queens	18	0-24	8
		25-49	1
		50-99	5
		100-250	4
Staten Island	3	0-24	1
		25-49	1
		50-100	1
CITYWIDE TOTAL:	146		

Our effort to get data on the exact number of self-catered programs in New York City and the number of new sponsors was unsuccessful. As of this writing, SED claims not to have this information.

COMMUNITY COUNCIL MONITORING METHODOLOGY

Sponsor monitoring activity performed by the Community Council Project included mainly observation of bid openings and direct interviews with sponsors. (For definition of bid openings, see page 42.) The interviews were designed to identify sponsor's views of the problems they were experiencing and to get their suggestions for improving the program. Community Council interviewers also sought to discover what assistance sponsors felt they had or had not received from SED.

In order to proceed with this aspect of the project, project staff required a list of approved sponsors. This information was not available from SED until the first week in June.

The project at first contacted sponsors by phone, trying to obtain information on the dates, times and places of their bid openings. Sponsor's reactions to these calls were generally guarded. Many sponsors were confused about bid procedures and were unsure about what the Community Council Project was attempting to do.

One sponsor said he would have to talk to his lawyer before releasing any information (about public bid openings) and that he would call back. He did not call again and when Project staff called, the appropriate person was never available. Some sponsors very willingly gave the Project the information it needed, but this was the exception, not the rule.

The Project therefore began canvassing newspapers for announcements of biddings. However, Project staff quickly discovered that some of these bid openings were not being held at the announced date or time, and therefore decided to call sponsors for verification. Of the 43 openings that were announced, Project representatives attended 24.

The interviewing phase was difficult because many sponsors were even more reluctant to speak directly with Project staff than they were to have them present at bid openings. Adding to the problem was inaccurate information received from the State. For example, the project originally planned to interview sponsors with varying numbers of sites. For Manhattan's 57 sponsors, Project staff planned to visit 25 in the following categories: 12 sponsors with 1-24 sites; 3 with 25-49 sites; 4 with 50-99 sites; and 6 with 100-250 sites.

However, our plan was frustrated by incorrect information from the State. Active SED sponsor lists showed the total number of sites originally applied for by each sponsor, but were not changed to reflect the actual number of approved sites.

Project criteria for sponsor selection were also determined by willingness to be interviewed. Within these limitations we interviewed 41 sponsors in the following categories:

3 sponsors with 1-24 sites
10 sponsors with 25-49 sites
9 sponsors with 50-89 sites
4 sponsors with 90-148 sites

As it turned out, few sponsors actually had more than 150 sites.

These sponsors were located in all five boroughs, as follows:

Bronx	6
Manhattan	26
Staten Island	1
Queens	2
Brooklyn	6

This list includes 5 self-catered programs and 10 camps. A disproportionately large number of sponsors appear to have been interviewed in Manhattan only because the 10 camps we interviewed had their main office in that borough.

For review of the forms used by the Monitoring Project to interview sponsors and camps, see Appendix 15 .

Our monitoring efforts resulted in the recommendations that follow.

RECOMMENDATIONS

STATE OUTREACH TO NEW SPONSORS AND ESTABLISHING SPONSOR ELIGIBILITY STANDARDS

RECOMMENDATION 1: SED SHOULD IDENTIFY NEW SPONSORS, ESPECIALLY IN UNDER-SERVICED AREAS. PRIORITY SHOULD BE GIVEN TO SELF-CATERED SPONSORS.

One of the vital functions that a year-round SED planning staff should perform is identifying areas in the city which have been traditionally underserviced in the food program and selecting and grooming sponsors from those neighborhoods. Special attention should be given to finding potential self-catered sponsors.

A SED starting date as late as mid-May allowed no time for outreach for the 1976 program. The first meeting convened by SED was as late as April 7th and was attended by old sponsors, vendors and new sponsors and vendors who had written to Albany requesting that they be considered for the 1976 program. Only a few new sponsors were present, many of whom had heard about the program by word of mouth. Some sponsor handbooks were distributed at this meeting, but no other materials were available. No outreach to new sponsors was performed in 1976.

RECOMMENDATION 2: CLEAR, SPECIFIC GUIDELINES SHOULD BE DEVELOPED TO DETERMINE SPONSOR ELIGIBILITY. ONLY YEAR-ROUND ORGANIZATIONS PERFORMING COMMUNITY SERVICES OTHER THAN SUMMER FOOD SERVICE IN THAT SPECIFIC COMMUNITY SHOULD BE CONSIDERED FOR SPONSORSHIP.

Federal criteria for approval as a sponsor in the 1976 Summer Food Program were so flimsy that almost anyone qualified one simply had to presumably represent a non-profit, tax-exempt group.

SED had the power to expand criteria for sponsors to include characteristics such as demonstrated community service and a year-round program, so that the Summer Food Program's exploiters could have been denied entry to the program. SED did not exercise that power.

The following is an example, instead, of what happened:

A legitimate Brooklyn-based organization sponsored programs in three other boroughs. However, in the Bronx, it was merely a real estate office with a small back room containing a desk, chair and telephone. This organization does not function in the Bronx except during the summer.

A person sponsored the Summer Food Program for a legitimate religious organization, but was in no way connected with this congregation. He apparently received permission to use their name and tax-exempt status, set up an office and installed a telephone. He obviously is not involved in the community year-round.

Clearly, persons or groups with no genuine commitment to a community and with no history of service in that community are accountable to no one. They will drain the program through potentially lucrative deals and will not provide decent food for children. Some "sponsors" did precisely that this summer and left the impression with the public that genuine community groups were ripping off their own children.

RECOMMENDATION 3: SPONSORS SHOULD BE LIMITED TO SPECIFIC TERRITORIES FROM WHICH TO CHOOSE SITES.

Under current guidelines, an organization can sponsor sites anywhere within the borough in which that organization is located. This factor caused tremendous problems with duplications of sites. For example, a sponsor representative whose organization is located on 14th Street in Manhattan might have visited sites on 125th St., Manhattan, talked with a site representative and enlisted the site in the Summer Food Program. A few days later another sponsor representative from 118th St. might have visited the same site but spoken with a different site person, and also enlisted the site for the Summer Food Program. This site then had two different sponsors - one within the area and one out of the area. Both sponsors submitted applications for the same site.

It was possible at this point, if the duplication had been caught by the State, that a decision could have been made as to which sponsor should oversee the sites. Instead, the duplication generally went unnoticed and both sponsors delivered meals to the site. One of three things then probably happened: 1) the site supervisors would realize that they were receiving too many meals and ask one sponsor to discontinue deliveries; 2) the sites would keep the extra meals which were either disposed of or are given away in bulk to neighborhood residents; or 3) eventually the State would discover or be informed of the excess and close down the site. All these eventualities could have been avoided if the sponsor from 14th St. had been limited to a specific territory in his own area.

The determination of territoriality and eligibility can be made by computing the number of children eligible for the program according to health area, school district or census tract. Exceptions should be considered only for religious or ethnic reasons - for example, an Hispanic organization, which is the umbrella for year-round churches located in different areas within one or several boroughs. Sponsors such as these should be permitted to provide summer meals to their churches even though they do not fall within the organization's territory. The same would be true for Yeshivas, Muslim schools, etc. Proof of year-round involvement should be required of these organizations.

While sponsors should be limited to a territory where they have year-round programs, there are special circumstances under which more than one sponsorship should be permitted in one area on a priority basis:

1. If it would encourage participation of self-catered sponsors.
2. If it would encourage small sponsors for a small group of sites in a particular neighborhood.
3. If it would give sites in a neighborhood some genuine choice between sponsors.

RECOMMENDATION 4: CRITERIA SHOULD BE ESTABLISHED FOR ASSIGNMENT OF DISPUTED SITES.

No guidelines currently exist for selecting between sponsors competing for sites. Criteria should be established under which the site is awarded to the most appropriate sponsor.

This determination should be based on the following:

1. Past performance in the Summer Food Program.
2. Extent of year-round community involvement.
3. History of child-service related programs.

The State must assume responsibility for weighing these factors through careful examination of sponsor's record of community service and the State's records of a sponsor's past performance. A sponsor having a good summer program with little community involvement should be given preference over a sponsor which operated a poor summer program but which has had much community involvement.

STATE APPROVALS AND LIMITATIONS ON SPONSOR ACTIVITY

RECOMMENDATION 5: THE STATE SHOULD APPROVE SPONSORS AT LEAST 3 MONTHS BEFORE THE START OF THE PROGRAM.

Sponsor approval is the first step in starting the machinery that produces the Summer Food Program. Only after receiving approval can sponsors select sites, pick a vendor, train site personnel, etc. Early sponsor approval is therefore a kind of hinge, opening the door to a well-timed and well-run program.

In the 1976 program, SED inordinately delayed sponsor approval so that necessary sponsor tasks became compressed into too short a time. Errors inevitably occurred as a result.

Sponsor applications were first distributed at an orientation session for sponsors and vendors on April 7 and April 8, 1976. Other sponsor applications were mailed on request.

Monitoring visits to sponsor's offices - another step in the approval process - did not start until May 2, 1976. Then, ironically, before getting formal approval for themselves, sponsors were given site application forms on May 24, 1976. Site application forms were the sponsors' basis for enlisting sites, but they were in technical violation of program rules since they were starting to sign up sites before being officially approved themselves.

Because of the late start, and in a madcap rush to get the program started, the State forced sponsors to act with it in ignoring program regulations. Unscrupulous sponsors obviously benefitted from an attitude of willingness to overlook rules.

Finally, it was discovered that the form given by SED to sponsors for enlisting sites had no space on it for the site representative's signature. The signature is critical proof that the site indeed wishes to sign with that sponsor.

Many scrupulous sponsors then went back to sites to get the proper authorized signature, thereby being delayed because they were honest. Less scrupulous sponsors did not take the trouble to get this signature, and got reimbursed for sites that never signed up with them.

Although the project recommends early sponsor approval there should be exceptions. A small percentage of sponsors should be granted late approval if these are groups which rely on summer funding or if they are self-catered organizations.

RECOMMENDATION 6: EXISTING LIMITS ON THE NUMBER OF SITES A SPONSOR CAN SERVE SHOULD BE CONTINUED, WITH THE EXCEPTION THAT NEW SPONSORS SHOULD BE FURTHER LIMITED.

If all previously described recommendations are observed (e.g. assigning sponsors territories and providing them with training,) then present constraints on the percentage of allowable sponsor sites should be retained:

* Service institutions that have 50% of sites serving 2 meals or more per day can be approved for a maximum of 175 sites.

* Service institutions that have 50% of sites serving 3 meals or more per day can be approved for a maximum of 150 sites.

This year all sponsors were allowed to apply for a maximum of 250 sites. Sponsors who participated in the program in previous years may very well be capable of managing the maximum number of sites, but a new sponsor, less familiar with the program, should be limited to 50 sites or less.

STATE RESPONSIBILITY FOR TRAINING AND WRITTEN MATERIALS

RECOMMENDATION 7: THE STATE SHOULD PROVIDE COMPREHENSIVE TRAINING FOR SPONSORS WELL IN ADVANCE OF THE STARTING DATE OF THE PROGRAM. PARTICULAR ATTENTION SHOULD BE GIVEN TO TRAINING NEW, INEXPERIENCED SPONSORING GROUPS.

Sponsors have complicated responsibilities in the program, e.g. evaluating a vendor's food quality and keeping careful records, which they could perform properly if trained properly. However, without training it is almost impossible to expect them to perform competently.

In the 1976 summer program, with a scheduled starting date of June 29, sponsor training took place from June 22-25. The training did not even take one entire day - sponsors selected a half-day out of the four possible dates for training.

Thus, in one morning or afternoon's time, a sponsor was expected to quickly understand meal requirements, sanitation and food storage procedures, how to establish a complex record-keeping system, how to conduct a bidding, how to make a contract with vendors, what documents are needed for advance funding, and what are the general operational procedures of the program.

Not only was a sponsor supposed to learn all these topics in a few hours, but most ironically, almost all the categories of training were tasks which sponsors had already been required to perform.

Project staff covering the sponsor training sessions reported the confusion expressed by many sponsors and noted how rudimentary their questions were given the reality that the program was starting in a few days.

All sponsors clearly need extended training sessions, well in advance of the program's opening. New sponsors especially need individualized training both before and for the length of the program - perhaps as frequently as bi-weekly. A possible technique of pairing them with a more seasoned sponsor could prove to be useful.

RECOMMENDATION 8: THE STATE SHOULD PROVIDE WRITTEN MATERIALS FOR SPONSOR TRAINING OF SITE WORKERS AND SHOULD CAREFULLY MONITOR THESE TRAINING SESSIONS.

The Project found in monitoring sites that many site workers were seriously misinformed about the most basic site regulations: what age group qualified for food, whether food could be taken off-site, how to respond if a vendor delivered food late, what to do about inedible food, etc. In addition, it was noted that some site personnel did not even know who their sponsor was or what the difference was between a sponsor and vendor. When site personnel were asked, "Who is your vendor?", they would often give a sponsor's name. Sites usually had no way of contacting the sponsor and little if any influence over what kind of food the vendor delivered.

The cause of site personnel ignorance about rules is not entirely a mystery. Though responsibility for directly training site workers lies with sponsors, the responsibility for preparing materials, establishing training standards and monitoring training sessions, ultimately rests with the State.

SED, in 1976, did not distribute site training handbooks or regulation posters or any informational material through the use of which sponsors could conduct good training sessions for their site workers. Even the basic forms which site personnel were required to fill out for the State's records, were not formally available to give to sites until sponsor training sessions were held - just a few days before the start of the program. But most important, the State did not monitor sponsor training sessions for site workers.

On July 28, twenty days after the program started, the State made a pathetic effort to correct its error by sending out a memo requiring certification from sponsors that they would conduct training sessions for their site personnel within the next 72 hours, i.e. by August 2, 1976.

The Community Council Project suggests that posters in Spanish and English - describing the basic program rules - should be available for placement at sites. In addition, training information, again bi-lingual, should be made available to sponsors for their sites, including suggested remedies for sites that become dissatisfied with a sponsor or a vendor.

Sponsors should be required to hold at least two training sessions for both their own staff, (sponsors are required to hire one monitor of their own for every ten of their sites) and for site personnel. The first session should be held prior to the start of the program and the second session about half-way through the program. All training sessions should be monitored by SED.

RECOMMENDATION 9: SED SHOULD DEVELOP A MANDATORY PROTOTYPE CONTRACT FOR SPONSORS TO USE WITH VENDORS. IT SHOULD INCLUDE PENALTIES FOR VENDOR BREACH OF CONTRACT AND PRECISE SPECIFICATIONS FOR UPGRADED FOOD QUALITY.

Establishing an effective contract between the sponsor and vendor is one of the most important aspects of the Summer Food Program since delivering quality food to children is the major objective of the program. However, since most community sponsors do not have the expertise to easily draw up their own contract, they must rely on the State for assistance.

The prototype contract which was available to sponsors this year afforded no protection for sponsors who were contractually bound to unscrupulous vendors who delivered meals late, never varied menus, or delivered frozen, fly-filled or rotten sandwiches.

The State's prototype contract, was significantly deficient in at least two ways: 1) it did not have clear, nonperformance penalty clauses, such as a 24-hour cancellation clause if certain food or delivery standards were not met, and 2) food quality specifications were not included.

By "specifications" we mean that while a contract might require meat sandwiches, the quality of meat is frequently not specified by an uninformed sponsor. The requirement for two ounces of protein can be met by $.49 a pound bologna or $1.60 a pound meat loaf. Specifications can also guarantee a particular grade of meat or a specific brand or equivalent. (For some suggested contract specifications, see Appendix 9)

A very specific, tight contract would also protect small vendors. This year some sponsors required an interest-free loan from vendors. It is not necessary for vendors to provide loans to sponsors since sponsors receive advance payment from SED. Small vendors without the financial capabilities of large vendors would automatically be eliminated in such cases.

RECOMMENDATION 10: THE STATE SHOULD CLEARLY DETAIL BID PROCEDURES FOR SPONSORS, WHICH SHOULD BE HELD AT LEAST 2 MONTHS BEFORE THE START OF THE PROGRAM.

Biddings are complex, legally choreographed procedures which sponsors are required to abide by in order to select the vendor who will deliver and supply food to their sites. Selecting a vendor is probably the most serious decision a sponsor makes because food quality is ultimately what determines the nature of a sponsor's program.

Briefly, a bid procedure is the following: A sponsor advertises in the newspaper that vendors are invited to bid on that sponsors contract. The ad should typically say that the bid is for the Summer Food Program, and it should describe what category of meals (breakfast, lunch, etc.) and how many meals per day are anticipated. The ad should also include on what day and where sealed bids will be opened.

Vendors can then pick up proposed contracts from the sponsor's office, fill in the price per meal at which they

can meet the sponsor's requirements, and on the day designated for publicly opening bids, vendors submit their sealed bids. Sponsors open the sealed bids, and on the basis of price and food quality offered, select their vendor(s).

In addition to entering a bid for their contract, many sponsors require that vendors bring food and menu rotation samples to the bid opening, and then, before finally selecting their vendor, they will often visit the vendor's plant. Done properly, bidding is a thoughtful and time-consuming procedure.

Given the State's knowledge of prior rip-offs in the program, it was dereliction of duty for SED not to monitor the aspect of the program where conniving and deceit can most take place.

Technically, sponsors are not allowed to go to bid until they receive final approval as participants in the Summer Food Program. This summer, sponsors received that approval, and therefore their authorization to bid, on about June 11, 1976. That gave sponsors 11 working days before the program's June 29 opening date, to place ads in newspapers, hold their bid opening, and if they wished, to visit the vendor's plant.

Clearly that was an unworkable timetable. Legitimate sponsors were again placed in the position, as they were with site applications, of understanding that only by bypassing regulations could they develop an effective food program. Unscrupulous sponsors were thus encouraged to evade regulations which did not suit their purposes.

In addition to a compressed timetable, sponsors were also confused about State regulations regarding what newspaper advertisements for bidding were required in, and the number of days that should elapse between the newspaper ad and the actual bid opening.

In a conversation with a Project staff member on June 3, 1976, the State contract specialist said that the ad must be placed in a "newspaper of general circulation in the community" and that 15 days must elapse between the newspaper ad and the bid opening. If that meant 15 working days, (the State representative was unclear on that point) then bid openings, by State sanction, would have been held on about the same day the program was scheduled to open! This would have been humorous, were it not for the fact that it was a straight-faced administrative procedure enunciated to sponsors by a major public agency in New York State.

The State finally reversed itself, requiring only five working days to elapse between the ad and the bid, but the damage was already done with panic and confusion generated among sponsors. (That confusion was amply demonstrated to the Community Council Project, which did attend bid openings. The State, it should be emphasized, monitored none.)

Besides ignoring its responsibility to monitor biddings, SED initially decided not to review final contracts unless they departed in their language from the State-provided prototype or if the sponsor did not choose the vendor with the lowest bid. (Admission of either of these two departures from procedure was to come from the sponsor, not from the State's investigation, so that a kind of honor system was being relied on in an aspect of the program that was most vulnerable to wrong-doing and unscrupulous operators.)

To oversee this complex area, SED had hired as its contract review specialist, not a lawyer, but a first-year law student, who, though competent and responsible, just could not have been expected to have the expertise with contracts that a seasoned lawyer would have had.

Eventually, the State began calling in all contracts for review, but by then, honest confusion and unscrupulous rigging had already taken their toll.

Due to the lack of start-up time for the Program, it is still questionable as to how many sponsors of the 146 actually held bid openings. Through newspapers and telephone conversations with sponsors, the Project was able to obtain factual information on dates, times and places of bid openings for 43 sponsors. The Community Council Project attended 24 of these. Our experiences are described below.

It appeared that openings were often held only for the Project's benefit. In only two instances were bids read aloud and recorded on a blackboard with several vendors present, samples available for tasting and contracts available for public review. In most other instances, Project staff found there were no samples, no vendors, no recording of bids and discovered that they were the only persons present besides the sponsor who was opening and reading the bids. On a few occasions Project staff were told there had been a mistake - either bids had been opened previously or would be opened at a later date. Of course, the date was unknown.

The Project was told by a few sponsors, who were unwilling to have their names mentioned, that they had been approached by vendors who offered $.10 to $.15 per meal as a kickback in exchange for the awarding of a contract.

In some instances, Project staff found that the vendor and sponsor were identical, using different names or ones closely related. (e.g., for United Catholic Parents, a sponsor, the person listed as head of the organization also represented AM-PM Food Service, a vendor, at meeting and dealings with vendors. The only bid received by United Catholic Parents came from AM-PM. No one attended the bid opening except the staff of this project.)

Project staff attended the bid opening of Nutrition for Youth. This is one of the five intertwined groups that Rep. Elizabeth Holtzman exposed not only as sponsors who were ripping-off the program by setting up offices in each borough, but also as participants in collusion deals with four vendors. Nutrition for Youth is operated out of the basement of a very lush home in the Bronx in a beautiful residential area. Children residing in and around this area are financially ineligible for the Summer Food Program. Nutrition for Youth therefore solicits sites in other areas with which they have no ongoing involvement.

No one attended their bid opening except the Project's staff and they had a hard time finding the location. The only indication of the sponsor's presence at the address was a small red sticker on the mailbox which read "Nutrition For Youth". For charts showing the affiliation of the five sponsors and four vendors released by Representative Elizabeth Holtzman, see Appendix 10.

Had the State Education Department provided technical assistance in bid procedure, required advance notification of bid openings, monitored all bid openings and examined closely all sponsor/vendor relationships, then many of these problems could have been avoided. The State should also exact a heavy penalty, such as expulsion from the program, for complicity between vendor and sponsor.

STATE PROCEDURES FOR PROVIDING SPONSORS WITH ADVANCE FUNDING AND REIMBURSEMENT

RECOMMENDATION 11: ADVANCE FUNDING SHOULD BE PAID ON TIME IN ORDER FOR SPONSORS TO PAY STAFF AND FOR SELF-CATERED PROGRAMS TO BUY FOOD TO OPERATE.

Advance payments to sponsors (receiving 65% of their anticipated operating budget for July on July 1 and 65% for August on August 1) were mandated for several reasons.

It was seen as especially important for small sponsors, who had already done weeks of start-up work, to use to reimburse their staff. Self-catered programs, who have to buy food directly to operate, were also a reason for the policy of having advances. Catered programs, of course, could also use the advance to give their vendors payment for work performed.

However, many sponsors knew nothing about this advance, others received incorrect forms, and still others received the correct forms too late.

The result was that some sponsors received advances on July 6th in time for the start of their program, while others received what was jokingly called their "July advance" as late as July 29th. This forced many to obtain loans or to borrow from the escrow accounts of their corporation. Those who were not fortunate enough to have these avenues available to them, had to let some staff go.

Luckily, vendors were willing and able to wait for payment, preventing any interruption in deliveries. Forms requesting advance funding should be made available to the sponsors by April 1st. By June 15th, sponsors should receive their advances, enabling them to pay staff for the month of July and their vendor after completion of 1 or 2 weeks of the program. The next advance should be received no later than August 1st.

It must be noted that vendors should be paid as services are provided and NOT IN ADVANCE. Withholding payment for unsatisfactory work often provides the only hope of improved service.

SED should assume responsibility for limiting advance payment to 65% of a realistic estimate of a program size. This year, sponsors were able to inflate the estimated number of meals they were serving. This meant that if a sponsor claimed 100,000 meals and actually served 20,000, their 65% advance would be more than their entire summer expenses.

RECOMMENDATION 12: REIMBURSEMENT FOR SPONSORS SHOULD BE STANDARDIZED BASED ON NUMBER OF SITES, NOT THE NUMBER OF MEALS SERVED.

As the program currently works, sponsors get .06¢ for each additional meal they serve. This basis for reimbursing sponsors can lead to forms of cheating by deceitful sponsors that are difficult to check.

For example, this year, sponsors who were in the program strictly for profit, continuously increased their ADP (Anticipated Daily Participation) even though the actual number of children receiving meals did not increase. Or, another underhanded technique was to have more meals delivered to sites they were still serving to compensate for sites they had lost. This not only constitutes a rip-off of the program, but it is also a source of food waste.

If sponsors received standardized reimbursements according to the number of approved sites they have, rather than number of meals they serve, there would be no need for increasing the number of meals. (The Project realizes that this requires a change in Federal regulations and in the Introduction section of this report, have targetted this recommendation accordingly).

SPECIAL TREATMENT FOR NON-CATERED PROGRAMS AND CAMPS

RECOMMENDATION 13: SELF-CATERED PROGRAMS SHOULD BE HANDLED AS A SEPARATE SPONSOR CATEGORY AND THEIR PARTICIPATION IN THE PROGRAM SHOULD BE ENCOURAGED.

Studies have shown that children prefer meals cooked onsite as opposed to catered food. The Project therefore regards self-catered services as an important part of the Summer Food Program and would like to see them expanded.

Self-catered means that sponsors handle the preparation of their own meals rather than contracting with a vendor for delivery of prepared foods. Usually the sponsor and site are the same where on-site preparation is performed. The number of self-catered facilities participating in the Summer Food Program was very small - approximately 15-20. No outreach was performed to enlist more operations of this sort and no help was given to those that were involved.

The Project feels that these programs should be handled separately, through a special unit at SED, which is set up specifically for this purpose. Self-catered facilities should have separate guidelines, and their sites should be approved very early since there are so few of them and since forms could be designed to pertain to self-catered programs only.

This year, self-catered representatives were required to attend meetings that did not pertain to their programs, and they were sent forms by SED which they filled out and returned only to discover that these forms did not apply to their programs. Meanwhile, the deadline for submitting the appropriate forms had elapsed. This type of misinformation can cause the destruction of these self-catered programs.

A self-catered sponsor called the Project to report that he had not received his advance funding. He ran a feeding program for 50 boys during the month of July. The day his program was due to start he went to SED to get his advance. He was told he had filled out the wrong forms (which SED had given to him) and would have to file the right ones and that he would possibly receive his July advance around mid-August. The Project assisted him in acquiring a loan.

Advances are critical for these groups. Many never knew such a thing existed and therefore didn't apply. Upon questioning SED as to why so few self-catered programs received advances, the reply was "They did not ask for it." Why should they have to ask for something to which they are entitled? How can they ask for something they don't know exists?

RECOMMENDATION 14: RESIDENTIAL CAMPS SHOULD BE HANDLED AS A SEPARATE SPONSOR CATEGORY.

> "...This year, for the first time, the children in our camp gained weight..The Summer Food Program made a real difference for our children..."

At a Hunger Task Force meeting Mr. Charles Barton explained that Five Points Mission camps weigh and measure the children as they enter and leave each session. This year, with the Summer Food Program, they were able to give substantial, nutritious meals while in the past they had only managed the bare essentials. We tend to forget the children and the human element as we compile reports and statistics. This kind of story is a reminder of the real meaning and need for this program.

Residential camps were eligible to participate in the Summer Food Program for the first time this year. The availability of Federal money for camps which serve a low-income population was signigicant for many of them.

The Community Council Monitoring Project, from lists provided by Mr. John Cimarosa of the Camp Management Project, visited one camp and had telephone and in person interviews with nine others. Our findings are described below.

GENERAL IMPRESSIONS: The administration of the residential camp sector was problematic in the areas of eligibility, jurisdiction, record-keeping and training. Yet despite problems, camps found the program worthwhile. This apparent contradiction can easily be understood when one realizes that for 7 camps interviewed, projected reimbursement from the Summer ood Program represented 12-50% of their total budget. This finding takes on added significance given the very grave financial situation many camps serving low income children face.

ELIGIBILITY: There were two ways for a camp to become eligible for the Summer Food Program:

Area eligibility: 100% of the children being served must live in an "income eligible area".*

Income eligibility: 1/3 of the children being served must come from families whose income is below 195% of the poverty line.

Area eligibility is difficult for most camps to establish because children come from a broad geographical area, parts of which may not meet Federal requirements. Income eligibility is the logical choice for camps, but must be established when children are registered. Because Federal regulations were so late, most camps had already registered their children by the time they became aware of the program.

Once camps were notified that the program was available to them, SED administration gave inaccurate and often contradictory advice as to how eligibility could be established, for example:

"As long as all kids come from New York City, your camp is eligible."

"As long as 1/3 of your kids come from New York City, your camp is eligible."

"1/3 of the children should go to a school which serves free lunch."

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* See page 3 for a definition of area eligibility.

The contradictions and misinformation from the State, combined with late notification of the availability of the program, caused some camps to "lose" a great deal of money.

JURISDICTION: Many camps "fell" into the jurisdiction of both the New York City and Albany offices of the SED. Campgrounds are located outside of the city limits, or in other states, and administrative offices are often in New York City. A clear decision must be made as to which SED office is to handle residential camps, so that information retreival and dissemination can be logical and efficient.

RECORD-KEEPING: SED must establish and communicate its intended audit procedure for camps so that camps know how to set up their books accordingly. Camps normally have many food-related expenses which are not reimbursable by the Program. For example, kitchen staff salary and the cost of plates (not reimbursable) must be noted separately from food costs. SED should distribute sample forms which show camps how to do this.

TRAINING: Although camps are very different in nature from other sites in the Summer Foods Program, training for these "site supervisors" was incorporated into general site training sessions. Those camp administrators we spoke to who did attend, found these sessions to be almost completely unrelated to their needs. Separate printed information, as well as specialized training sessions for residential camps, should be developed.

CONCLUSION: It is important to consider that for thousands of poor children, the camp experience, in addition to its other excellent attributes, gave the children a total, supervised, nutritional experience. That is, three meals and two snacks daily - not just the one lunch a day that most kids got in the City.

SITES

WHAT ARE SITES?

Sites are the most fundamental and essential element in the Summer Food Program. They are the places where hundreds of thousands of children came every day, from their homes or the streets, to eat a sandwich, milk, juice and fruit.

This simple description may help to convey the reality of a program that often gets obscurred by its own terminology and statistics. Children become the "target" population", a volunteer who spends two hours every day distributing food becomes a "site supervisor", the stoop in front of an apartment house becomes a "site", and a turkey sandwich becomes a component of a "Type A" lunch.

A tenant in a housing project volunteered her summer to distribute food to 150 children - decorating the community room, spending pocket money for paper plates; 30 very young children at a day care center were introduced to the program by being served cheese sandwiches which were grilled to add appeal.

In the 1976 program, food was distributed at a wide variety of locales throughout the city. Sites were located in churches, storefronts, recreation centers, apartment building lobbies, day care centers, etc. Sites were usually run by volunteer workers or by paid staff assigned to the Food Program. The only personnel required was a site supervisor who received deliveries, reported to the sponsor and supervised food distribution.

The direct line of communication exists between site and sponsor. The sponsor is a non-profit organization who arranges with a vendor to have food delivered to the site. The site must notify the sponsor of the number of meals required daily, (up to 500) and the sponsor communicates this information to the vendor. The vendor establishes an approximate time of delivery for either breakfast, lunch, supper and/or two snacks and a specific menu cycle is agreed upon by the sponsor and vendor. (The site should have a copy of the menu.)

When the program actually starts, the site supervisor checks the number and quality of meals delivered, and then signs the vendor's receipt. The meals are distributed to eligible children, up to 18 years old, who are required to eat at the site.

Sites are approved by SED and are monitored by it and the sponsor to see that they conform to State and USDA regulations.

The regulations, which govern storage of food, record keeping, eligibility, food consumption (on site), etc., are printed in a "Site Handbook" which should be distributed by the State.

There are five basic types of sites, the first four of which are almost always legitimate places where the food is distributed to eligible children:

1. Sites run by year-round organizations that continue their regular staff program during the summer, such as a day care center.

2. Sites that are rented or borrowed by year-round organizations for the express purpose of serving as a food distribution point - these are often staffed by the organization's volunteers. A Block Association using a storefront is an example.

3. Sites that are run by special summer program agencies - other than food service - with regular staffing and volunteers, such as a day camp.

4. Places that become food sites for the sole purpose of feeding kids, which are usually staffed by community volunteers. A site in a housing project is an example.

5. Places that are set up by unscrupulous sponsors and/or vendors to take delivery of unneeded food or sign for undelivered food. Personnel here are paid by the sponsor/vendor, and food is often given away indiscriminately with no attention paid to its quality.

SOME INFORMATION ABOUT SITES

As of July 7, 1976, the State Education Department had approved 4,553 sites in New York City with the following borough distribution:

Brooklyn	2,027
Bronx	860
Manhattan	1,148
Queens and Staten Island	518

These sites were approved to serve 1,388,322 lunches, 432,284 breakfasts, 293,016 suppers, 84,604 A.M. supplements, and 364,972 P.M. supplements.

COMMUNITY COUNCIL MONITORING METHODOLOGY

Site monitoring staff was drawn primarily from the Neighborhood Youth Corps, and was occasionally supplemented by Project staff, volunteers, and workers from the Fund for the City of New York.

Thirteen Neighborhood Youth Corps enrollees worked full-time as project site monitors from June 28 until Sept. 10. Orientation and training occupied their first week, with several hours spent discussing the scope of the Summer Food Program and the purpose of the monitoring effort. Training also included familiarization with the monitoring form (see below) role-playing, and supervised site visits.

Between July 7 and August 25, interviews were completed at 258 sites. An additional 89 sites were visited but forms were not completed because the sites could not be located, were closed, or because staff and children were away on trips.

Selection of sites to be monitored was based on very practical limitation. Sites are most likely to be serving lunch between 10:30 A.M. and 1:30 P.M., so selection was based primarily on proximity in order that two or three sites per day could be visited. Geographical variety within boroughs was also a goal, despite the need to concentrate visits on any given day.

Project workers visited 104 sites in Manhattan, 97 in Brooklyn, 64 in the Bronx and 4 in Queens. Site monitoring efforts were concentrated in those boroughs which contained the greatest number of food distribution points.

Project workers (usually divided into six teams), were able to visit a wide variety of sites, including those which served lunch only (135); two meals (63) and three to five meals (60). Centers were visited which only served food (109) as well as those which incorporated food service into a structured program (142). The sites were located in day care centers (11); recreation centers (57); play streets (16); churches (53); storefronts (26); on streets (57); schools (10) and in apartment buildings, day camps and medical centers. The 258 sites visited were divided into 113 "outdoor" and 145 "indoor" locations.

The site monitoring questionnaire included questions about food quality, delivery time and site facilities. These were answered by Project workers based on their observation of the particular meal being served that day. Also included in the visit was an interview with site personnel, the monitor eliciting their impressions of the points mentioned in the questionnaire and asking questions about their relationship to the sponsor and vendor. Project staff also briefly interviewed children, and if available, their parents, about food quality, the value of the Food Program and suggestions for improving the Program.

Workers were also urged to include any information which seemed important or interesting to them. As each team returned, a de-briefing session was held so that any additional impressions could be recorded.

By mid-summer, it became clear that some of the assumptions on which the Project questionnaire had been based were not accurate. When site personnel began to reveal a surprising degree of misunderstanding of site regulations, the need became clear for the inclusion of a series of questions concerning site personnel training. A second monitoring form emphasizing adequacy of site personnel training, site problems with sponsors and vendors and understanding of site regulations was then developed.

This new form was used in revisiting specially selected sites during the final two weeks (Aug. 11 - 25) of site monitoring. In-depth interviews were conducted at 21 sites which either had serious problems with food quality, were judged especially efficient or where supervisors had been particularly honest about program problems. (For copies of the interview forms used by the Monitoring Project, see Appendix 15).

RECOMMENDATIONS

SITE SELECTION AND APPROVAL

RECOMMENDATION 1: WHERE POSSIBLE SITE SELECTION AND APPROVAL SHOULD TAKE PLACE THREE MONTHS BEFORE THE START OF THE PROGRAM.

SED did not begin to conduct visits to prospective sites until June 7, 1976 with the Program scheduled to begin on June 28.

As of July 7, 1976, 4,553 sites had been approved by SED to operate a Summer Food Program in New York City. Of these, many were housed in permanent facilities such as day care centers, churches, recreation centers, etc. These kinds of sites are available for inspection and approval at any time.

Early approval would have several benefits: it would give the State time to determine the need for additional sites; it would permit the development of alternatives in cases where the original sites were not approved; it would effectively reduce the possibility of oversupplying a street or neighborhood; it would eliminate duplication of sites because the State would have ample time to coordinate site lists and to assign disputed sites to one sponsor.

Some areas of the city (West Bronx, Queens, Staten Island) were virtually untouched by the Food Program. In the West Bronx (north of 161st Street and west of the Grand Concourse) there were 25 sites serving approximately 5,575 lunches although there are approximately 35,517 eligible children in that area. (See Appendix). Early site approval would have allowed time for more effective outreach activities.

Other areas of the city were "over-supplied" - that is, too many sites located in a small area. For example, one seven-block stretch on Manhattan's Lower East Side, Avenue C, between 2nd and 9th Streets was approved for 26 sites serving 6,245 meals. (See Appendix) Early site approval would have alerted the State to the obvious overconcentration and the potential problems which could result from this kind of situation.

Site duplication (one site assigned to more than one sponsor) was a serious problem this summer. It occurred when site personnel signed up with more than one sponsor in order to protect themselves against the chance that one of the sponsors might not be approved, or when a sponsor illegally claimed a site without the site supervisor's agreement.

The first site lists were riddled with duplications, which the State was supposed to remove. The "final approved" printouts were released on July 22 and contained many of the same duplications. By the end of the 1976 Summer Food Program, this list still had not been updated.

Duplications caused delays in beginning the Program at many sites. Since only one sponsor can be reimbursed per site, sponsors could not authorize meal delivery until disputed sites were clearly assigned to one sponsor. Early site approval would allow the State sufficient time to rectify disputes prior to the starting date of the Program.

It should be emphasized that there are some sites which do not exist year-round and cannot be approved far in advance. These sites include Programs which are funded for only the summer, as well as those run by volunteer groups such as tenant or block associations. These sites are necessary in neighborhoods where regular program facilities are limited.

Therefore, despite the general need for early site approval, allowance should be made for sites that only know they are sites late in June. Room should be left for 5 or 10% of a sponsor's sites to be approved later than others. We propose:

50% of all sites in by March 1 date

25% of all sites in by April 1 date

15% of all sites in by May 1 date,
to permit early State approval.

10% by June 20 to guarantee all kids being reached.

RECOMMENDATION 2: SITES IN A SMALL GEOGRAPHICAL AREA SHOULD BE SERVED BY A SPONSOR WHICH SERVICES THAT COMMUNITY ON A YEAR-ROUND BASIS.

Because sponsors were permitted this year to recruit sites anywhere within borough limits, the problem of oversupplied areas was intensified. In one section of the Lower East Side of Manhattan, fourteen sponsors were given permission to deliver approximately 44,500 lunches daily. Ten of those sponsors, serving approximately 17,500 lunches, were not based in that community. The four community-based sponsors served about 27,000 meals. 1970 census data health area indicates that community contains approximately 28,400 people under age 19. The four community-based sponsors alone, therefore, would have provided the adequate number of meals needed to reach the target population. This situation was not unique to the Lower East Side, but existed in the South Bronx, Bed-Stuy and East Harlem as well.

Coordinating the total number of meals in an area with the estimated target population can be achieved by using data from health areas, census tracts, planning boards, school districts or school zones. Any of these demographic units would provide the necessary information to determine the approximate number of meals necessary.

RECOMMENDATION 3: THE USE OF SCHOOL BUILDINGS AS SITES SHOULD BE EXPLORED.

One way to supplement the current number of indoor sites is through the use of school buildings. This would be especially useful in areas where recreational facilities and ongoing programs are insufficient to serve the number of eligible children.

However, the Project firmly opposes central Board of Education sponsorship. The Board of Education and its Bureau of School Lunches (BSL) has refused to run the Summer Food Program each year since its inception in 1968, and without community sponsorship there would still be no program in New York City. While it is possible for BSL to open schools under its own sponsorship, this action is not recommended. There is widespread community opposition to allowing that agency to serve its notoriously poor quality food during the summer. In addition, with BSL currently embroiled in charges of scandal and administrative ineptitude, it offers no credentials to recommend it as a sponsor.

Two other options can and should be explored. The first is Community School District (CSD) sponsorship. Under the 1970 Decentralization Law, CSD's have the responsibility for all food programs in their schools.

The second option is for schools to be opened as sites under community sponsorship.

The cost of opening schools is high - $369.25 weekly for a junior high school, $302.64 weekly for an elementary school*- and the feasibility of paying these fees should be considered. It should also be noted that while school buildings can certainly provide needed space, they cannot eliminate the need for additional sites. Many young children could not realistically be expected to travel any distance to a site, and would therefore be excluded from participation in the program. In Staten Island for example, 44,824 children are bussed to school. This means that:

> Children in grades K-2 live at least 1/2 to 1 1/2 miles from school**
>
> Children in grades 3-8 live at least 1 mile from school
>
> Children in grades 9-12 live at least 1 1/2 miles from school

It is clear that many of these children would be unable to participate in the Program unless neighborhood sites were procured.

RECOMMENDATION 4: THE STATE EDUCATION DEPARTMENT SHOULD DEVELOP A PLAN FOR ONGOING MONITORING OF SITES DURING THE SUMMER.

In 1976, an ongoing plan for visiting sites, once the Program had started, did not exist. Borough offices were not provided with a suggested plan for systematic use of staff and selection of target sites so that monitoring could be performed most efficiently.

The Project conludes that a year-round SED staff could develop such a plan. An approach could be used where sites are categorized by type and record in the Program, and monitored accordingly. For example, a day care center with several years of a good Program record might be seen only once a month - a new street site should be monitored weekly.

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* Information is from District 6, Manhattan. These figures are from the 1975-76 contract. A new contract is pending and costs will be higher next year.

** Information is from the New York City Bureau of Pupil Transportation, representing statistics from the 1975-76 school year..

TRAINING

RECOMMENDATION 5: ALL SITE PERSONNEL TRAINING SHOULD BE COMPREHENSIVELY MONITORED BY THE STATE.

Even though the State was required to review sponsor training of site workers, the Project's interviews clearly showed that many site workers were inadequately instructed as to their rights and responsibilities. This lack of training often resulted in improper enforcement of regulations or inappropriate response to vendor/sponsor problems.

For example, problems involving late delivery, little food variety, poor food quality, etc., might have been corrected by a site supervisor who clearly understood options. Instead, most sites visited didn't know how to effectively solve such problems. Or, ignorance of regulations was evidenced at many of the sites the Project visited where there was no effort made to hide "minor" violations. Below are some unsolicited comments from site supervisors:

"Only children and people over 65 are allowed to get food"

"Senior Citizens are not allowed to get seconds"

"I ask mothers to show their Medicaid cards to prove that they need the food"

"Only children and pregnant women are eligible for this program"

Of 21 site supervisors interviewed during the second round of in-depth site visits, more than half were unable to explain regulations about adult eating, off-site consumption, second servings, or spoiled food.

RECOMMENDATION 6: SITE HANDBOOKS SHOULD BE AVAILABLE AND DISTRIBUTED, BY THE STATE, TO ALL SITE SUPERVISORS.

A Site Handbook does exist, but it was not distributed to New York City sites this summer. The Handbook outlines regulations which pertain to sites, and includes descriptions of minimum food quality standards, etc. This material should be available in English as well as in any other language commonly spoken in a particular community. The Handbook should be expanded to include the following information:

1. Explanation of procedure for making complaints to sponsors, vendors, the New York City Board of Health and SED, including contact persons and phone numbers.

2. Procedure for changing sponsor. (SED currently has no such standardized procedure.)

3. Explicit description of what should be expected in terms of food quality, menu variety, delivery, etc.

4. Advice that sites should sign up with a sponsor that functions in their community on a year-round basis.

5. Information about Anticipated Daily Participation (ADP). Sites should be advised to take only as many meals as can be served to the eligible children in their street, day care center, etc.

6. Procedure for checking food temperature. USDA has specified temperature standards at which hot and cold food should be delivered in order to insure health safety.

7. Site personnel should be advised that it is possible for them to be paid from Program funds under certain circumstances. This proviso would reduce the possibility that sites can be recruited with money as a "come-on" by the sponsor.

RECOMMENDATION 7: A SPONSOR-PREPARED SUPPLEMENT TO THE STATE'S SITE HANDBOOK SHOULD BE REQUIRED.

Because some information will be unique to a particular sponsor, a supplement should be prepared by the sponsor and distributed at training sessions. It should include the following information:

1. Name, address and phone number of sponsor and vendor and a contact person at each. Sponsor and vendor should be identified on all food cartons and on delivery receipts.

2. Procedure for record keeping should be standardized for all sites, so information will be accurate and complete.

3. Contract specifications (i.e. delivery times) which apply to sites should be written in lay terms so that site supervisors can be aware of these.

4. A copy of the agreed upon menu cycle, and procedure for enforcement of proper rotation. Most site workers had not received a copy of the menu and could not determine if proper rotation was being followed.

5. Expected time of delivery. Sites should know at the start of the program, the approximate time meals can be expected. Such was not the case at many sites this year.

6. Procedure for dropping or addiing items on the menu. Site supervisors should understand that they have the right to expect quality and variety and that if some food items

have been served too frequently or if children don't like them, they can be eliminated.

When asked what could be done to improve poor food quality, though some few site personnel knew to notify their sponsor or vendor, no one interviewed suggested notifying SED or the New York City Health Department.

There were several sponsors and vendors who seemed to be interested in helping sites. One sponsor developed a site handbook, sent monitors to sites, and listened to complaints and suggestions daily. Many other sponsors were wholly unconcerned. It is important that all sites receive the same protection.

RECOMMENDATION 8: A CONTRACT SPECIFICATION ON PROCEDURE FOR REPLACING UNACCEPTABLE MEALS SHOULD BE MANDATED BY SED.

Project workers generally reported that site personnel had never been told how to quickly replace inedible food. Sites were visited where bologna sandwiches had been delivered daily for two consecutive weeks, where sandwiches were delivered frozen, where hamburgers or frankfurters were delivered raw to sites with no cooking facilities, where milk was sour and juice was spilled. One sandwich packaged with a dead fly inside was brought to the Project's office.

Delivery problems were commonplace. One site without storage facilities cancelled its program because snacks and lunch were being delivered at 7:30 A.M. Another site received lunch at 4:30 P.M. Other sites reported no delivery on a few occasions.

While site personnel were certainly aware of the poor quality of the food, they were often unable to get any corrective action from their sponsor or vendor. (See Appendix 13 for a site's document of complaints). Some supervisors did refuse to sign for unacceptable meals, but many others accepted meals and then discarded inedible portions. A uniform procedure for replacing unacceptable meals at the vendor's expense must be developed by the SED. "Unacceptable" should be defined to include poor food quality or meals which are delivered too early or too late to be used at a site.

At least one sponsor had a contract specification regarding this procedure. If an "unacceptable" meal was delivered to any of this sponsor's sites, the site supervisor was supposed to take the following steps:

1. Refuse to sign for delivery.
2. Notify the sponsor that this had been done and why.
3. Purchase a replacement for the meal.
4. Get reimbursed by the sponsor.
5. Sponsor deducts amount from the vendor's bill and disallows claim for those meals.

While this certainly represents a way to improve vendor accountability, most site supervisors could not afford to purchase a replacement meal. The following are possible ways to handle this problem:

1. The sponsor could arrange with a store in the community to replace meals and charge the cost to the sponsor.
2. The sponsor could have petty cash or checks available (from administrative money) to purchase replacements.

Whatever procedure is selected, it is essential that it be made uniform for all sites.

TO CONGRESS

RECOMMENDATION 9: KEEP THE REGULATION WHICH PERMITS SITES TO ONLY SERVE FOOD WITHOUT ANY OTHER PROGRAM OR SERVICES.

Because "food-only" sites were so often associated with off-site consumption and adult eating, the suggestion has been made that these sites should be disallowed in the future. The following points show that this is basically unsound and unwarranted.

1. In order to reach as many eligible children as possible, "food-only" sites must be maintained for children who are not enrolled in recreational or other programs. These include pre-school children, and those for whom no space in available in existing programs.
2. There are many children whose parents are afraid to allow them to go more than a few blocks from home. Food-only street sites, run by tenant associations or block associations, are needed to serve these children who do not have a "permanent" facility on their street.
3. Adult eating can be minimized by controlling the number of meals delivered into a given area.

RECOMMENDATION 10: REGULATIONS CONCERNING MAXIMUM NUMBER OF MEALS ALLOWED PER SITE AND MULTIPLE MEALS SHOULD REMAIN AS THEY ARE.

The maximum ADP (Anticipated Daily Participation) should remain at 500. Many of the sites visited by the Project were able to run a smooth program for 500 children by serving in continuous shifts and by deploying sufficient staff to handle that volume. Controlled off-site consumption might also make it possible to serve even more children at a site.

Where a site can demonstrate an even larger capability, it should be allowed to serve even more than 500 children. Capability might be determined by the size of the site, the number of staff available, extent of seating facilities, etc. The use of school building would probably allow for much larger sites.

"More than one million Americans live in families with no income at all. Another five million Americans have less total income than the amount the Agriculture Department estimates is needed to maintain a barely minimum diet. Another nine million have such low income that maintaining an adequate diet would require spending from 50 to 100 percent of their meager funds on food alone. How can any of these 15 million poor Americans afford proper nutrition?

The answer is that millions cannot, and the government now is admitting it"*

In light of the real problem of malnutrition faced by the urban poor, we feel that the Program should keep the options open for providing breakfast, lunch, supper and two meal supplements and that these be served wherever possible. In the words of Albert Camus: "Perhaps we cannot prevent this world from being a world in which children are tortured, but we can reduce the number of tortured children. If we do not do this, who will do this?"**

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* Kotz, Nick, Let Them East Promises, Garden City, Doubleday, 1971. p.21

** Ibid., p.276

FOR LEGISLATIVE CONSIDERATION AND DISCUSSION

RECOMMENDATION 11: "OFF-SITE CONSUMPTION AT "FOOD-ONLY" SITES SHOULD BE ALLOWED.

Off-site consumption is a violation of the current regulations for the Summer Food Program. This practice existed in varying degrees at many of the sites we visited.

Some sites, which had no recreational facilities or seating space, allowed children to pick up one meal and leave. Other sites controlled the number of meals taken off site by requiring proof of the number of children in a family, and then providing a family member with that number of meals. Some sites openly distributed meals to children and senior citizens for off-site consumption, while others distributed food to children first and then to anyone else in the community who wanted it.

These examples of individual meals taken off site constitute what our Project considers minor violations. They are different from more obvious and complicated abuses, such as carting off bags or cartons of meals, or serving only adults, which were the subject of media exposés during the summer.

Consideration should be given to revision of regulations concerning "controlled" off-site consumption, for the following reasons:

1. Off-site consumption on a one-meal-per-child basis might be permitted so that children could have the option of eating with their families. Children requesting off-site "privileges" could be listed at a particular site, with one parent or child picking up a meal or meals for all children listed in a family.

2. Off-site eating seemed to occur more frequently at those sites which offered food, but no additional services, and which often used the sidewalk as the site. Children, understandably, might want to take their meal to a cooler, more comfortable surrounding than New York City's pavements in the summer.

Indoor sites, particulary if they also housed recreational or other services, seemed to have fewer problems in this regard, and would seem not to require a revision in regulations. Many of these sites served food only to children in their Program who therefore spent their day "on-site".

RECOMMENDATION 12: REGULATIONS CONCERNING ADULT FEEDING SHOULD BE FLEXIBLE ENOUGH TO TAKE INTO CONSIDERATION THE SEVERE SOCIAL AND ECONOMIC REALITIES FACED BY THE ENTIRE POPULATION IN MANY URBAN AREAS.

There were probably two major kinds of adult feeding going on at food sites this summer. One kind, more heavily publicized, involved people taking boxloads of sandwiches or milk off-site. It is the Project's judgement that this problem was the result of conspicuous "oversupply" and can be solved by matching the amount of food allowed into an area with the amount of eligible children.

Another kind of adult eating cannot be solved as simply since the problem is hunger. Summer Food sites are located in many poor neighborhoods where, for example, old people are forced to watch children eating while they themselves are hungry.

Consideration might be given to extending the Summer Food Program to supplement other food programs, such as Meals on Wheels for Senior Citizens, or WIC (Women, Infants and Children) for nursing and pregnant women, so that a wider segment of the urban poor can be reached.

VENDORS

WHAT IS A VENDOR

Vendors are profit-making companies who do large-scale or institutional feeding and distribution. They are chosen to participate in the Summer Food Program by sponsors through public bidding and are responsible for delivering directly to children, wholesome meals that meet the minimum nutritional requirements for "Type A" meals (see Appendix 2 for Type A meal requirements. Site personnel sign for meals delivered and this signature is used to justify payment by the sponsor for meals received that day.

Vendors may be small local caterers operating a year-round business that prepares a small number of meals in their area; local caterers that gear up for increased summer volume; large, year-round institutional feeding operations which increase production specifically for the Summer Food Program; or food services that operate solely for the Summer Food Program.

COMMUNITY COUNCIL MONITORING METHODOLOGY

After attending several meetings with SED and the New York City Health Department officials, including a series of training lectures by Health Department Sanitarians for SED's vendor monitors, the Community Council Monitoring Project began its own vendor monitoring at the end of July.

Project staff attempted to differentiate between legitimate food service operations that try to provide high quality food while earning a reasonable profit, and those companies that did their best to drain the Summer Food Program by preparing poor quality meals that showed the companies' only concern was for profit. (See Appendix 14 for examples of differences in production, food quality and profits between legitimate and unscrupulous vendors.)

SED played no role in the selection of vendors, and did not do the job it was supposed to do by monitoring the sponsors' bidding process. It had no official contact at all with vendors prior to its own vendor monitoring visits, which started as late as end of July. Therefore, SED's list of vendors, on which the Council Project depended, were haphazardly thrown together, with many incorrect addresses. Vendor names were confused with sponsor names and many telephone numbers were disconnected or incorrect.

After overcoming the hurdle or inaccurate lists, the Project attempted to contact and visit all 47 vendors. While some vendors proved very cooperative when contacted by Project staff, others required as many as seven or eight phone calls to obtain basic information. Only one vendor flatly refused to admit monitors to the plant and since the Project had no authority to visit facilities without the vendor's permission, we were effectively discouraged by many from doing so.

As a result of vendor rejections and delays, the Project monitoring plan was changed to include a representative sample of 16 vendors. Of this total:

4 prepared under 10,000 lunches
1 prepared 10-20,000 lunches
3 prepared 25-50,000 lunches
7 prepared over 50,000 lunches
1 information incomplete

The Project tried, wherever possible, to visit vendors when food production and loading food on trucks was actually taking place.

Interviewing was done using a questionnaire and a checklist. The questionnaire included questions regarding local Health Department licensing, number of meals produced, and tried to establish which vendors were producing meals and which were sub-contracting.

GENERAL OBSERVATIONS

Most vendor operations involved in the Food Program had a last minute, catch-as-catch-can quality. Although the time-limited nature of the Program accounted for much of the bustle and confusion observed at the facilities, Project staff reported that much of the chaos was due to avoidable administrative bungling.

Despite the "guided tours" sometimes provided to Project staff, some violations were cited which could not be cleared up quickly, such a fly infestations, which was evident at about half of the vendors visited. Four of those visited were filthy with days-old garbage strewn near food preparation areas. In one particularly dirty place. (which had scheduled an appointment after production ended for the day, and which rented space to operate only for the summer), it appeared that the floor had never been washed.

Of the vendors interviewed, three did not have local Health Department licenses and though several had licenses when we visited them, they had initially begun producing and delivering meals without them. Only after the New York City Health Department received complaints of food contamination from sponsors or sites, did they discover the existence of some unlicensed vendors and force them to apply for licensing.

Another major problem unearthed by Project staff was that vendors, whose names were on the SED list, were in many cases sub-contracting to other - often out of state - caterers. To actually see where food was being prepared took considerable detective work.

Parkside Caterers and Ranken Enterprises were an example of a suspicious affiliation. Parkside caterers, which seemed to have no phone number, but which shared a Fifth Avenue office address with another caterer, appeared later on all SED vendor lists as being located at the Bronx Terminal Market. A visit there revealed a dirty loading platform with a couple of trucks parked in front. Project staff could not get enough information from the manager of the loading operation to complete an interview, but he did tell us that Parkside's other plant, where meals were assembled, was in Dover, New Jersey, under the name of Ranken Enterprises.

A review of the earlier Project interviews revealed that Ranken supplied sandwiches for two other vendors: Mill Wall Mass Food (8,200 lunches) and School Feeding (35,000-40,000 lunches, 10,000 dinners). The Project was not able to determine how many meals Ranken supplied under the name "Parkside".

Because Ranken Enterprises is located in New Jersey, the New York City Health Department could not inspect its facilities and SED monitors had been informed by their administration that they should discontinue inspections in New Jersey since SED jurisdiction excluded inspections of out-of-state facilities.

Responsibility for monitoring out-of-New York State vendors was then left solely to USDA. Therefore, in the 1976 Summer Food Program, a single vendor, such as Ranken, could have easily fed 100,000 New York children daily while remaining outside New York City Health Department and SED control.

Recommendations to solve this problem, as well as others encountered by the Project, are listed on the following pages.

RECOMMENDATIONS

VENDOR APPROVAL CRITERIA

RECOMMENDATION 1: VENDORS MUST BE APPROVED BY SED IN ORDER TO BE ELIGIBLE TO BID AND PARTICIPATE IN THE PROGRAM.

Criteria to be followed for approval to bid should include possessing a current permit from a local health regulatory agency and evaluation of the vendors past performance in the Summer Food Program.

Currently, vendors who participate in the Program receive no approval to do so from SED, and only those who have plants in New York City are required to have a New York City Health Department license in order to function. Those programs outside New York City, theoretically, did not need approval or need not have had Health Department licensing - a dangerous lack of supervision for profit-making groups providing a service as critical as feeding children.

In addition to not requiring licensing, vendor's food plants were not visited or monitored by SED staff until late in the Program. Training sessions for vendor monitors were not held until July 20th, at which time a vendor monitoring unit was established consisting of a field reviewer and 11 monitors.

Though the vendor unit appeared to be functioning earnestly, jurisdictional problems quickly arose. The State vendor unit thought that on the basis of its information, the Health Department could quickly close a vendor's plant. The Health Department claimed it could not close plants with quite that ease. The State Education Department, though it had no formal contractual relation to vendors and therefore could not close them, had the ability to withhold reimbursement from sponsors who continued to use deficient vendors. SED seemed unwilling to exercise that option.

Therefore, even though vendors were finally being scrutinized, the procedure for penalizing those who were feeding children rotten food was slow in forthcoming. The ability to disallow an unscrupulous vendor is an important prerogative which the State should assume and exercise

Vendors that had a record of performing poorly in previous years were allowed to bid again this year. Such vendors secured contracts from new, inexperienced sponsors and from some sponsors who had been in the Program before, but who were unaware of the vendor's background in the Program. SED approval or disapproval, based on past performance, could have prevented this problem.

RECOMMENDATION 2: ONLY PRIME PRODUCERS (VENDORS WHO ASSEMBLE AND DELIVER ENTIRE MEAL) SHOULD BE PERMITTED TO PARTICIPATE IN THE PROGRAM.

Some vendors signed contracts with sponsors to prepare their meals and were later discovered to be merely putting the meal sections (previously prepared sandwiches, juice, milk, fruit) together. A prime producer makes the sandwiches and prepares the other meal components and is responsible for delivery to the sites.

Some vendors secured contracts to deliver the meals to sites, but did not prepare the sandwiches themselves. They ordered previously prepared sandwiches in bulk from other vendors, thus becoming mere packagers and distributors. This practice further broke down the chain of accountability. A sponsor with a complaint could be shuffled around among vendors, their questions sometimes leading to out-of-State vendor offices which were outside New York City Health Department jurisdiction and outside SED policy regarding jurisdictional boundaries.

One small vendor, who enjoyed a good reputation in previous years, contracted for more meals than his small operation could handle and then sub-contracted to a larger vendor to prepare sandwiches. His reputation has suffered, as have the children who received an inferior meal.

RECOMMENDATION 3: VENDOR APPROVAL TO BID SHOULD BE COMPLETED AT LEAST THREE MONTHS BEFORE THE PROGRAM STARTS.

This proposed timetable would allow enough time for a well organized bidding process to take place. (See sponsor section, page for a full description of the bidding process.)

Some benefits of early vendor (and sponsor) approval for bidding include:

* Sponsor ability to provide vendors with realistic numbers of meals to be bid on.

* Sponsors could have adequate time to visit vendor production plants and check on vendor performance in previous years.

However, despite the advantages of early vendor approval, time between April 1 and May 1 should be left for approval of a small percentage of vendors who are community caterers, either newly recruited for the Program or who expand operations just for the summer.

RECOMMENDATION 4: THE NUMBER OF MEALS PERMITTED PER VENDOR SHOULD BE LIMITED, ACCORDING TO CAPABILITY. A MAXIMUM NUMBER SHOULD BE SET FOR NEW VENDORS.

The huge profits that can be amassed when vendors sell hundreds of thousands of meals (particularly if lower grade components are used, napkins are not included and other costs are cut) attract unscrupulous vendors to the Program every year. These vendors appear year after year, only changing their names to appear as "new" vendors. They have been allowed to do this because of the sloppy administration that has characterized the program. Reliable vendors that have built solid reputations, both year-round and in the Summer Food Program, have had their standing damaged by "new" vendors who appeared with names similar to their own.

Linking the maximum number of meals permitted to a vendor's capability to produce those meals, will retain those vendors who make a fair profit and deliver a good product, while eliminating many companies who are only in the Program for the money. Additional limitations on new vendors will further discourage those that are "new" every year.

In terms of capability, it should be noted that some small vendors did an excellent job and some large vendors did a poor job, or vice versa. Size does not necessarily correlate with performance. Criteria for determining capability must therefore rest on SED's responsibility to hire capable supervisory personnel, familiar enough with the Program to be flexible yet strict.

MONITORING, INSPECTIONS AND TRAINING

RECOMMENDATION 5: THE SPONSOR-VENDOR CONTRACT SHOULD STATE THAT ALL VENDORS, REGARDLESS OF THEIR LOCATION, MUST SUBMIT TO SED AND NEW YORK CITY HEALTH DEPARTMENT REGULATIONS.

If it proves impossible to give local New York City Health Department inspection jurisdiction outside the city, then SED must make prior arrangements with both USDA and the New Jersey Health Department for continuing inspections and reporting.

This regulation should be unnecessary because SED's position as administrator and guardian of the purse strings gives it the right to inspect plants and to demand that its conditions for participation in the Program be met wherever a vendor is located. This recommendation is included because SED failed to exercise that right with New Jersey vendors.

RECOMMENDATION 6: TRAINED SED SPECIALISTS SHOULD BE ASSIGNED TO INSPECT VENDORS WITH THEIR MONITORING ASSIGNMENTS ROTATED AMONG VENDORS EVERY TWO WEEKS.

SED workers should inspect sanitation procedures, check receipts against the number of meals being loaded on trucks, check the temperature of food, audit vendor's transactions with sponsors and sites, occasionally accompany delivery trucks on routes, and report daily to the central SED offices which will, in turn, inform the workers of any findings which would modify the number of meals to be delivered.

Rotating the placement of SED representatives would promote uniformity of standards and decrease opportunities for corruption, always a real possibility in a Program of this size.

Vendor monitors would serve as SED's observer and also make SED more available to vendors, some of whom have complained of the State's lack of communication with them. A SED representative at the vendor's plant would also help safeguard against the chaos that results when communications are not clear between vendor and sponsor. Some sites were closed this year without the sponsor notifying the vendor.

RECOMMENDATION 7: FUNDING FOR LOCAL HEALTH DEPARTMENT PARTICIPATION IN THE SUMMER FOOD PROGRAM SHOULD BE BUILT INTO SED'S ADMINISTRATIVE BUDGET AND CONSULTATION BETWEEN THE TWO AGENCIES SHOULD BE ON-GOING.

Project staff met with Mr. Martin Gelman of the New York City Health Department in the initial phase of the Project to identify how the Community Council's Monitoring Project might benefit from the Health Department's observations during the Program. Project staff was astonished to learn that the first contact between SED and the Health Department occured on June 28, when the SED Assistant Coordinator for New York City called on a matter unrelated to planning and joint inspection. It was the Project's concern and questions to SED that finally led to a formal contact between the two agencies regarding negotiations for the training of SED site and vendor monitors by the Health Department.

SED had taken for granted that the New York Cith Health Department was responsible for sanitary monitoring of the Program without taking into consideration that, 1) the Health Department had no way of knowing where food was being prepared without prior notice from SED, 2) the Health Department had suffered budget cuts which forced reduction of staff and 3) that there had been no provision made for Health Department costs in SED's administrative budget.

According to Mr. Gelman, the Health Department had repeatedly written to SED since April and had received no reply. When the Health Department and SED finally met and reached an agreement in July, it was too late to train SED monitors for visits to sites and vendor plants before the start of the Program. The Health Department's training of SED's vendor monitors began on July 20, almost one month after the start of the Program.

Mr. Gelman recommended that the Health Department be involved in planning by January to enable it to get its own summer hiring underway early.

FOOD QUALITY

RECOMMENDATION 8: FOOD WHOLESOMENESS SHOULD BE ENSURED THROUGH INDEPENDENT LABORATORY TESTING, WHICH SHOULD BY CONTRACT, BE PERFORMED AT THE VENDOR'S EXPENSE.

The present prototype contract places responsibility on the sponsor for choosing and delivering sample meals to a laboratory. A reputable independent lab could pick samples at random, without prior notification to vendor or sponsor, and thereby maintain proper control throughout the meal selection and analysis process. Since sponsors do not possess the expertise or the equipment to control temperature and non-contamination conditions while delivery of food is made to the lab, the laboratory should be responsible for selection and transportation of meals to be tested.

Laboratories should be approved by both SED and the sponsor, with the New York City Health Department overseeing all testing and both agencies receiving copies of all lab reports directly from the labs.

(A private health facility in the Lower East Side area reported treating about 30 cases of diarrhea among children fed at a local site. Regular testing for contamination might have prevented this.)

RECOMMENDATION 9: USDA AND SED MUST DEVELOP CLEAR SPECIFICATIONS TO CONTROL FOOD QUALITY - NOT JUST REQUIRING A "TYPE A" MEAL.

"Type A" describes minimum requirements that do not guarantee children a palatable, highly nutritious meal. The Community Council's Hunger Task Force has prepared some food specifications which are an example of how to upgrade food quality. (For examples, see Appendix 9).

RECOMMENDATION 10: FOOD ACCEPTABILITY SHOULD BE CLOSELY MONITORED WITH SPECIAL ATTENTION PAID TO VARIETY, MENU PATTERN AND FLEXIBILITY REGARDING COMMUNITY PREFERENCES.

Nutritional standards are inadequate when a child is served a bologna sandwich every day for two weeks. Although it might be wholesome and nutritious on a given day, the same type of meat on the same type of bread will be rejected by a child who is handed the same kind of sandwich every day. Serving new foods imaginatively can help educate young tastes and boosts nutritional values by enticing a child to eat.

RECOMMENDATION 11: VISIBLE THERMOMETER SHOULD BE REQUIRED IN DELIVERY TRUCKS TO ENSURE THE MAINTENANCE OF PROPER FOOD TEMPERATURE DURING DELIVERY. DRIVERS AND SITE PERSONNEL SHOULD BE REQUIRED TO CARRY A FOOD THERMOMETER AND BE TRAINED IN ITS USE.

RECOMMENDATION 12: THE STATE PLAN MUST PROVIDE SUFFICIENT TIME AND ASSISTANCE FOR SPONSORS AND VENDORS TO TAKE ADVANTAGE OF AVAILABLE FREE FEDERAL COMMODITIES.

Commodities are free surplus foods made available by the Federal Government. Contracts with vendors should stipulate that commodities are to be used to the greatest possible extent. Vendor money saved through the use of commodities could be accounted for in one of two ways: 1) money saved could be returned to the Federal government, or 2) additional items, equivalent to the cost of commodities, could be included in meals to raise the value of the meal. For example, cookies, ice cream or other items appealing to children could be added to the meal.

FOR FURTHER DISCUSSION

SHOULD UNITIZED PACKAGING BE MANDATORY AND IN WHAT FORM?

PROS: Heat sealing of trays and double wrapping of sandwiches conserves freshness and discourages theft for resale, since a box of fruit, milk or sandwiches can be sold easily, while a box of individually wrapped meals is too easily identifiable as stolen from the Summer Food Program. With unitization, damage due to spillage is reduced since juice which spills from its container has less chance of wetting other wrapped meals.

"Unitization" may be a heat-sealed tray which costs from 10¢ to 12¢ per meal and requires special equipment or it can mean hand-wrapped sandwiches packaged in bags with other components of an individual meal, and costing approximately 2¢ per meal. Though the reduced cost of non-unitized meals should result in savings applied to the enrichment of the meal, it has usually resulted in super-profits for the vendor.

CONS: In a well-run Program, with an experienced sponsor and well-organized, efficient sites, the meal components may be served cafeteria-style with the children picking up meal components as they go along. Where limited refrigeration facilities exist those components, such as milk and sandwiches, which spoil easily, or are more acceptable cold, may be refrigerated. (Unitized packaging prevents separate meal parts from being refrigerated.)

To make up for the lower cost of non-unitized meals, a good sponsor can demand more costly food items to vary the meal, and "extras" such as ice cream, and exceed the minimum requirements recommended in the "Type A" meal. In a Program created to feed children, 10¢ - 12¢ of 80 3/4¢, with responsible administration, will go further toward eliminating abuses and improving nutrition than plastic.

* * * * * * *

END PAPER

This report was written about a Program we are convinced is vital and workable.

The report is certainly long, sometimes quite technical, and filled with timetables and recommendations about which we may appear overly determined.

If we have seemed too insistent, it is only for the following reasons:

APPENDIX 1

JUN 17 1976

Jenkins (202) 447-8138
McDavid (202) 447-4026

NEWS
U.S. DEPARTMENT OF AGRICULTURE

NEW ELIGIBILITY STANDARDS ISSUED FOR CHILDRENS' FOOD PROGRAMS:

WASHINGTON, June 16--New income poverty guidelines for determining eligibility for free and reduced price meals and free milk under the child nutrition programs of the U.S. Department of Agriculture were announced today.

Income Poverty Guidelines July 1, 1976 - June 30, 1977
(48 States, District of Columbia, Territories excluding Guam)

Family Size	Secretary's Guidelines 7/1/76-6/30/77	Guideline levels when increased by- 25 percent	95 percent
1	$ 2,940	3,680	5,730
2	3,860	4,830	7,530
3	4,780	5,980	9,320
4	5,700	7,130	11,110
5	6,550	8,190	12,770
6	7,390	9,240	14,410
7	8,160	10,200	15,910
8	8,920	11,150	17,390
9	9,610	12,010	18,740
10	10,300	12,870	20,090
11	10,990	13,730	21,430
12	11,680	14,590	22,770
Each additional family member	690	860	1,340

- - -

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APPENDIX 2

Meal Patterns:

Breakfast

Food Components/Amount

1. **Fluid milk** one-half pint (1 cup)
2. **Fruit, or**
   vegetable or fruit juice one-half cup
3. **Bread or cereal:**
   (One of the following or combination to give equivalent quantities)
   Bread 1 slice
   Cereal three-fourths cup or 1 ounce, whichever is less

Supplemental Food (Snack)

1. **Milk or juice or vegetable or fruit:**
   (One of the following or combination to give equivalent quantities)
   Fluid milk one-half pint (1 cup)
   Vegetable or fruit juice 8 fluid ounces (1 cup)
   Vegetable or fruit 1 cup
2. **Bread or cereal:**
   (One of the following or combination to give equivalent quantities)
   Bread 1 slice
   Cereal three-fourths cup or 1 ounce, whichever is less

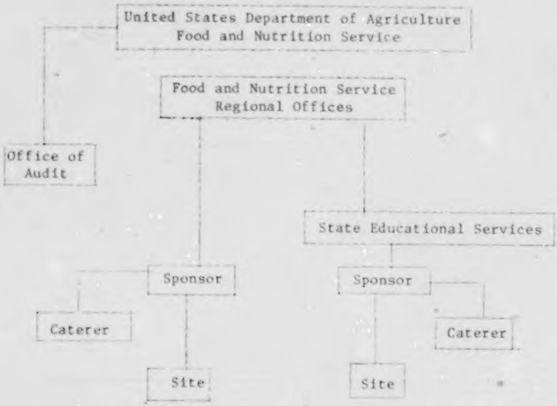
Lunch/Supper

1. **Fluid milk** one-half pint (1 cup)
2. **Meat and/or alternate:**
   (One of the following or combination to give equivalent quantities)
   Cooked meat, poultry, or fish 2 ounces
   Cheese 2 ounces
   Egg 1
   Cooked dry beans or peas one-half cup
   Peanut Butter 4 tablespoons
3. **Vegetable and/or fruit** three-fourths cup of two or more (vegetable or fruit juice may be counted as not more than one-fourth cup of this requirement)
4. **Bread** 1 slice

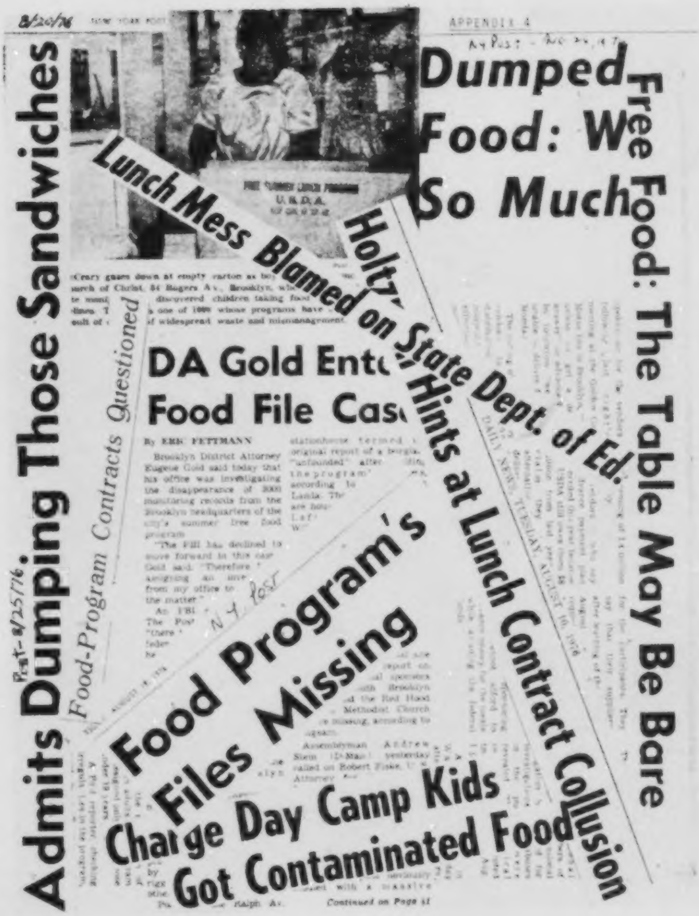
APPENDIX 3

From USDA Sponsor Handbook for Catered Programs

Lines of Authority


United States Department of Agriculture
Food and Nutrition Service
Food and Nutrition Service
Regional Offices
Office of
Audit
State Educational Services
Sponsor
Sponsor
Caterer
Caterer
Site
Site

USDA's Food and Nutrition Service in cooperation with its six regional offices administers the Summer Food Service Program at the Federal level. Within most States the program is administered by the State educational agencies. However, in some States the program is administered directly by the regional offices. The sponsors are responsible for site operations. When a food caterer is employed to provide food service, then the sponsor is also responsible for ensuring that the caterer meets program requirements.



8/20/76 NEW YORK POST

APPENDIX 4

N.Y. Post – Aug. 24, 1976

Dumped Food: We So Much

Free Food: The Table May Be Bare

Lunch Mess Blamed on State Dept. of Ed.

Holtz... Hints at Lunch Contract Collusion

Admits Dumping Those Sandwiches

Post – 8/25/76

Food-Program Contracts Questioned

FREE SUMMER LUNCH PROGRAM U.S.D.A.

...Crary gazes down at empty carton as boy... ...urch of Christ, 84 Rogers Av., Brooklyn, whe... ...discovered children taking food... ...is one of 1000 whose programs have... ...of widespread waste and mismanagement.

DA Gold Ent... Food File Cas...

By ERIC FETTMANN

Brooklyn District Attorney Eugene Gold said today that his office was investigating the disappearance of 2000 monitoring records from the Brooklyn headquarters of the city's summer free food program.

"The FBI has declined to move forward in this case," Gold said. "Therefore ... assigning an inve... from my office to ... the matter."

An FBI ... The Post ... "there ... feder... he...

stationhouse termed ... original report of a burgla... "unfounded" after ... the program ... according to ... Landa. Th... are hou... Laf... W...

N.Y. Post

DAILY NEWS, TUESDAY, AUGUST 10, 1976

Food Program's Files Missing

...al are ... report on ... al sponsors ... with Brooklyn ... the Red Hook ... Methodist Church ... missing, according to ...

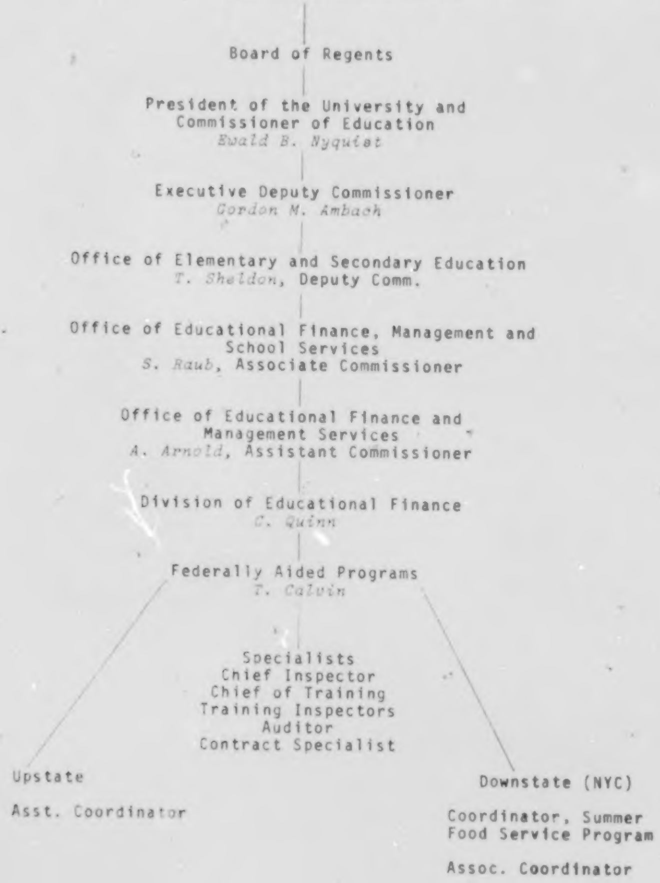
Assemblyman Andrew Stein (D-Man.) yesterday called on Robert Fiske, U.S. Attorney ...

Charge Day Camp Kids Got Contaminated Food

Continued on Page 11

APPENDIX 5

Summer Food Service Program in the State Education Department
Organizational Structure


Board of Regents
President of the University and Commissioner of Education
Ewald B. Nyquist
Executive Deputy Commissioner
Gordon M. Ambach
Office of Elementary and Secondary Education
T. Sheldon, Deputy Comm.
Office of Educational Finance, Management and School Services
S. Raub, Associate Commissioner
Office of Educational Finance and Management Services
A. Arnold, Assistant Commissioner
Division of Educational Finance
C. Quinn
Federally Aided Programs
T. Calvin
Specialists
Chief Inspector
Chief of Training
Training Inspectors
Auditor
Contract Specialist
Upstate
Asst. Coordinator
Downstate (NYC)
Coordinator, Summer Food Service Program
Assoc. Coordinator

APPENDIX 6

USDA'S ROLE IN THE 1976 SUMMER FOOD PROGRAM

Since the State Education Department had primary responsibility for the Summer Food Program in New York City in 1976, the Community Council Project focussed its monitoring and reporting on that agency's execution of its role. That does not mean that the Project is unaware of the USDA's ultimate responsibility for the Program - both nationally and in New York City.

As the federal administrative agency and fiscal officer, the USDA had an obligation to see to it that SED was performing in accordance with regulations and statutes. USDA's Food and Nutrition Service (FNS), after itself having administered the Program through several scandal-ridden years, knew how vulnerable the Program was to exploitation. It could have intervened at any point in 1976 to prevent SED's administrative bungling which eventually took on disaster proportions.

For example, in the 1976 State Plan provided by SED for USDA-FNS's approval, SED committed itself to screening all prospective sites prior to approving them for participation in the Program. However, looking at the number of monitors SED proposed to hire to accomplish that task (see State section, page 25) USDA could have seen that staff was insufficient to do the job properly. It could have required SED to simply hire more monitors. There were ample funds available to do that. USDA did not make that requirement, nor did it do anything to remedy SED's gross maladministration until Congressional pressure forced it to do so mid-way in the Program.

USDA's staffing and activities in New York City in 1976 were as follows:

1. No USDA administrative personnel were assigned to SED administration.

2. By its own report, USDA had 45 monitors in New York City which visited 3,000 sites.

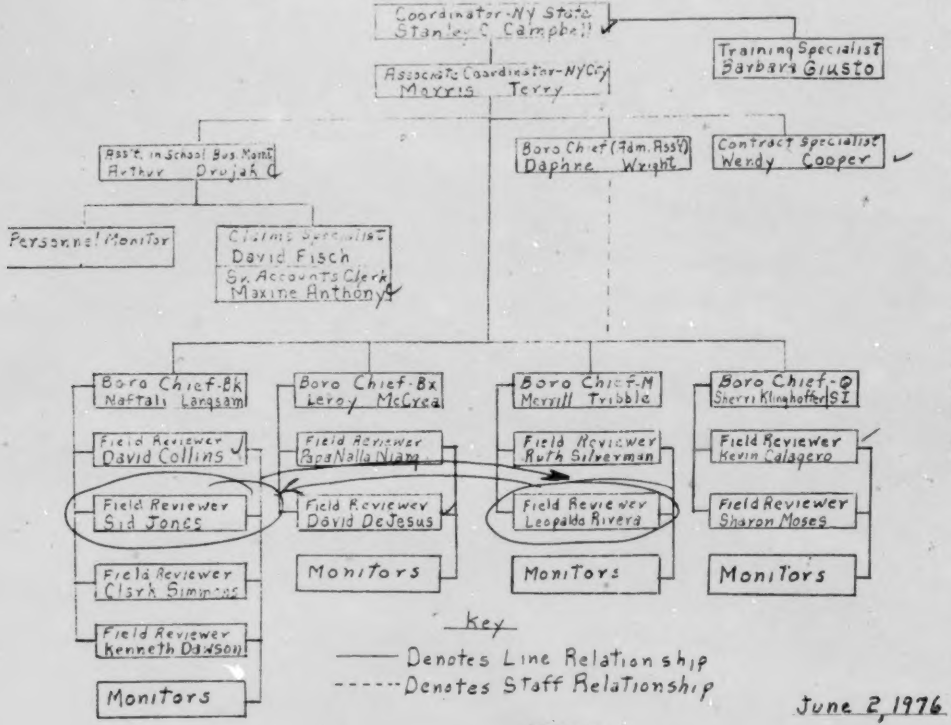
3. The USDA Regional Office monitored vendors. At the time of the report, they were unable to supply us with the number of vendors visited.

SED administrative and borough personnel described USDA's site violation reports as superficial, appearing as if the USDA monitors spent very little time at the sites.

APPENDIX 7

Provided by State Education Department

New York City
Organization Chart - Summer Food Service Program


Coordinator - NY State
Stanley C Campbell
Training Specialist
Barbara Giusto
Associate Coordinator - NY City
Morris Terry
Ass't. in School Bus. Mgmt.
Arthur Drujah
Boro Chief (Adm. Ass't)
Daphne Wright
Contract Specialist
Wendy Cooper
Personnel Monitor
Claims Specialist
David Fisch
Sr. Accounts Clerk
Maxine Anthony
Boro Chief - Bk
Naftali Langsam
Field Reviewer
David Collins
Field Reviewer
Sid Jones
Field Reviewer
Clark Simmons
Field Reviewer
Kenneth Dawson
Monitors
Boro Chief - Bx
Leroy McCrea
Field Reviewer
PapaNalla Niam
Field Reviewer
David DeJesus
Monitors
Boro Chief - M
Merrill Tribble
Field Reviewer
Ruth Silverman
Field Reviewer
Leopaldo Rivera
Monitors
Boro Chief - Q
Sherri Klinghoffer
SI
Field Reviewer
Kevin Calagero
Field Reviewer
Sharon Moses
Monitors
Key
——— Denotes Line Relationship
------ Denotes Staff Relationship

June 2, 1976

STATE EDUCATION DEPARTMENT
SUMMER FOOD SERVICE PROGRAM
HIRING PATTERNS
PER DIEM EMPLOYEES (OTHER THAN MONITORS)
NEW YORK CITY

Position	May	June 1 - 15	June 16 - 30	July	July Changes	August	Total
Coordinator (1)	1						1
Borough Chief (2)	1	4					5
Claims Specialist (3)		1					1
Senior Office Helper	1						1
Program Aide		1					1
Training Specialist (4)		1					1
Contract Specialist	1						1
Field Reviewer	3	5	2	5		1	16
Senior Stenographer				1			1
Office Helper	1	3	1	2	(1)	–	6
Totals	8	15	3	8	(1)	1	34

Notes:
(1) The coordinator was hired May 11.
(2) One borough chief was hired May 12, one June 3, two June 7 and one monitor was made borough chief June 9.
(3) The claims specialist was hired June 2.
(4) The training specialist was hired June 4.

Appendix 7 continued..

STATE EDUCATION DEPARTMENT
SUMMER FOOD SERVICE PROGRAM
HIRING PATTERN - MONITORS
NEW YORK CITY
AS OF AUGUST 16, 1976

Hiring Date	Number Hired	(Net Reduction)	Total Active
1976			
5/24	9	(2)	7
5/26	21	(6)	15
6/1	44	(11)	33
6/2	1		1
6/7	10	(1)	9
6/9	43	(6)	37
6/10	1	(1)	-
6/14	4	(1)	3
6/17	4	(1)	3
6/29	1	(1)	-
7/6	1	-	1
7/15	7	(2)	5
7/19	30		30
7/22	9	(1)	8
7/23	1	-	1
7/26	1	-	1
8/2	140	-	140
8/9	59	-	59
Totals	386	(33)	353

Note: Net reduction in monitors staff have been effected through terminations, no-shows and reclassification of personnel.

APPENDIX 8

Example of Available But Unused Administrative Money State Education Department Received.

Quoted from: The New York State Comptroller's Office

Department of Audit and Control

Prepared at the request of Congressman Fred Richmond, September, 1976.

> " A Federal letter of credit dated July 28, 1976 increased the total amount authorized to be spent (by State Education Department) for program administrative costs to $1,561,538. This amount can be spent, provided payments to sponsors justify the entire amount.
>
> As of August 16, 1976, $348,780 had been expended."

APPENDIX 9

Hunger Task Force Suggested Contract Specifications

Guide for Meat Specifications

1. Top grade meat - There are 5 grades of meat, and top grade should be insisted upon.

   - Grading under USDA inspection is changing at the end of June. Currently, the grade "All Meat" or "All Beef" is the best but this will be changed by July. Insist on the equivalent grade.

   Each meat manufacturer has different grades - make sure it is the top grade of that manufacturer.

   Specifically prohibit:

   - Meat with extenders
   - Non-skeletal meat (variety meats)
   - Variety meats and extenders
   - Imitation meats
   - Meat containing offal

2. Meat must be USDA inspected

3. You can request certification from the supplier, or see the labels from the meats. The vendors have these labels so they are readily available.

4. Poultry - much more difficult to specify.

   The New Jersey (Newark) contract specifies: "With the usage of turkey, only white meat of the Type - Ranch Brand Boneless Breast - State Fair Meat Industries will be served."

   Sponsors should get clear understanding in writing from the vendor of exactly what type of poultry will be used.

Fruit Specifications

These specifications appear in the Sponsor's Handbook and are attached to the prototype contract mailed to sponsors by the State Education Department.

Note: These are suggested specifications, not official regulations.

- Bidders should be required to bring samples of meals to the bid openings. Sponsors should insist that the quality of food at the bid opening be maintained throughout the program.

APPENDIX 9 continued..

Guide for Juice Specifications

1. Brix counts determine the quality of the juice. This is the unit measure of concentrate to water in a reconstituted juice product.

   "Pure Concentrate" means that there is no sugar added to the juice, therefore juice can be made from a concentrate.

   Brix:

Apple Juice	12.5
Orange/Pineapple	12.5
Pineapple	14.0
Orange Juice	11.8

2. Orange juice from Florida is of better quality.
3. Orange juice should comply with Grade A standards with a minimum score of 92.
4. Sugar Acid ratio - No less than 14.5 to 1
   No more than 18 to 1
5. Product should be pasteurized in a USDA inspected plant with sealed pasteurization equipment checked by the State and Local authorities.
6. Processing Plant should be under USDA inspection.
7. Juice must not contain any other additive than water and essence.
8. Juice should be packed in leakproof containers.
9. It is recommended that juices be frozen at a minimum of -20 degrees F with sufficient air movement to freeze all portions solid within 20 hours after packaging.

   The finished product should be delivered from the manufacturer in a fully frozen condition in properly refrigerated trucks.
10. Producer (supplier of juice to vendors) should be a prime contractor to reduce the number of times a product is handled.
11. Vendors must keep samples of juice delivered for testing.
12. Sponsor should keep daily samples of juices served. This is to control problems and for testing.
13. Juices should not be repeated more than two meals in a row.
14. Bacteria reports (under refrigerated conditions):
    Standard Plate count - less than 100 per gram
    Yeast -less than 10 per gram
    Mold - less than 10 per gram

* These are suggested specifications, not official regulations.

APPENDIX 9 continued..

This is a guide to vendor qualifications that sponsors can use to help them choose the vendor who will best meet the needs of the children.

These are not official qualifications. They are suggested guidelines for sponsors to think about or to use as they wish.

We would suggest that new sponsors call other experienced sponsors who they know have run good programs, for ideas and comments.

Suggested Vendor Qualifications:

1. Experience
   - a/ Length of time in food business
   - b/ Previous experience of personnel connected with program.
   - c/ Past record - references from previous work
   - d/ Food should be the main business of the firm
2. Location
   - a/ Year-round facility. (Sponsor should visit facility prior to contracting with vendor. Current State guidelines call for sponsors to consistently visit and monitor vendor facilities, an excellent requirement.)
   - b/ Local and New York City Health Department Inspection and approval.
   - c/ Capability of facility to produce and deliver the amount of meals required.
3. Refrigerated trucks or a proven alternative.
4. Vendor should not be a sponsor.
5. Independent laboratory testing - vendor should clearly explain how they intend to do bacteriological testing for possible food contamination.
6. Comply with equal opportunity laws.

APPENDIX 10

OFFICE OF REP. ELIZABETH HOLTZMAN
1452 Flatbush Avenue
Brooklyn, N. Y. 11210
Contact: Dan Feldman (212)859-9111

FOR RELEASE TUESDAY AMs
August 31, 1976

Rep. Elizabeth Holtzman (D-N.Y.) said today that the B'nai Torah group of 5 sponsors, also known as the "Pinter" group, received about $4.5 million in advances from the State Education Department for the Summer Food Program even though their contracts with food vendors raise serious questions of compliance with competitive bidding requirements.

The B'nai Torah organization consists of five "affiliated" sponsors: B'nai Torah Institute, Bais Isaac Zvi, Nutrition for Youth, Inc., Special Programs for Americans, and Queens Assistance Program. Together, they account for about 10% of the entire Summer Food Program in New York. Rep. Holtzman said that the Pinter group sponsors are not only "affiliated", but according to the State Education Department should be viewed as "one sponsor."

The Congresswoman noted a curious bidding pattern in the contracts of four of the five Pinter sponsors. Only four vendors -- out of about 50 in New York's Summer Food Program -- bid for contracts with the four Pinter sponsors. The vendors are Food Service Dynamics, Inc., JABCO, Hi-Score Food Management, and Meals and Snacks.

Each vendor bid at the maximum price allowed. Each was awarded a contract by at least one of the four Pinter sponsors. Each sponsor gave reasons for its choices, but in every case the reasons were inconsistent.

An example is the selection by sponsor Special Programs for Americans of the vendor Meals and Snacks. The sponsor stated that Meals and Snacks "performed reasonably well" last year. However, sponsor Nutrition for Youth rejected Meals and Snacks, stating that their deliveries last year "were often late."

Similarly, sponsor B'nai Torah Institute chose the vendor JABCO, saying it could provide "efficient and satisfactory attention and prompt personal service." On the other hand, Bais Isaac Zvi rejected JABCO, saying it was "not

- MORE -

APPENDIX 10 continued..

PAGE 2

convinced of their experience in food service and of their financial capabilities."

Rep. Holtzman said:

> "Since each of the four vendors obtained a contract with the four Pinter sponsors, the reasons given by these sponsors for rejecting the vendors were inconsistent, not credible, and probably spurious. It appears that the inconsistent reasons were an attempt to create the illusion of competition when none existed."

Rep. Holtzman added:

> "At the very least, the State Education Department should have asked how the Pinter group could have said yes to some vendors and no to other vendors but in the end said yes to all. But the State never bothered to do so."

The Congresswoman found additional problems in the bidding for contracts. She pointed to a $500 check in the State Education Department files written by Meals and Snacks to Special Programs for Americans. The check was dated May 27, 1976, although SPAN did not publicly announce bid specifications or provide invitations to bid until June 13.

Rep. Holtzman said:

> "This check strongly suggests that a financial relationship was established between Special Programs for Americans and Meals and Snacks before any competition for SPAN's contracts could have taken place."

Earlier this month, Rep. Holtzman had noted that signatures on the B'nai Torah - JABCO contract were dated earlier than the announced dates for public opening of bids.

Rep. Holtzman noted a different problem with respect to the fifth Pinter sponsor, Queens Assistance Program. Here, vendor Food Service Dynamics bid at below the legal maximum price and won the contract. However, Food Service Dynamics had bid at the maximum price on all other Pinter sponsor contracts.

- MORE -

APPENDIX 10 continued..

The two unsuccessful bidders for the Queens contract were Everfresh Nutritional Foods, a vendor not among the four with which the Pinter group otherwise exclusively dealt, and JABCO.

Rep. Holtzman said:

> "The only time Food Service Dynamics made a low bid was 'coincidentally' the only time a vendor other than the usual 4 submitted a bid. In every other case involving a Pinter sponsor Food Service Dynamics charged the ceiling price. But bidding is supposed to be secret. How did Food Service Dynamics know that it would be necessary to bid low in the case of Queens Assistance Program when it bid the usual maximum for the other 4 Pinter sponsors?"

Additionally, Food Service Dynamics' low bid on the Queens contract was made two days before it signed a contract with another Pinter sponsor, Bais Isaac Zvi at the maximum price.

Rep. Holtzman said:

> "How can the Pinter group justify accepting the highest possible price from a vendor which had previously bid at a lower price?"

Public documents obtained from the State Education Department and the Internal Revenue Service support the claim that the five Pinter sponsors are one entity. The documents show that Victor Mayer, the Executive Administrator of the B'nai Torah organizations, and either Sidney, Lieb, Abraham, or Pinchus Pinter are top executives of each sponsor in the group. Four other men are top officials of at least two sponsors.

In addition, the State Education Department's contract specialist, in a memorandum dated May 26, 1976, said that there were basic similarities in the Pinter group's documents "strongly indicating that these are not five separate organizations but only one sponsor, B'nai Torah." The memorandum noted that each sponsor's

- MORE -

material "was prepared by the same office," "provided for fringes of 15% to salaries," and included "plans to have 40 sites serving two meals a day and 30 serving three meals a day."

Rep. Holtzman concluded:

> "Documents in the State Education Department's own files raise questions about the existence of any real competition in the award of contracts by members of the Pinter group. But the Education Department continues to reject every suggestion that they carefully scrutinize all sponsors before giving them advance payments."
>
> "Instead, the State Education Department seems to have adopted a 'see no evil' policy in their review of the Pinter group's contracts with vendors. It is inexcusable for the State to be so cavalier with the law and with taxpayers' dollars."

Attached are a B'nai Torah letterhead listing all five sponsors and other groups as "affiliated organizations"; a sponsor personnel chart; and a contract chart.

APPENDIX TO CONTINUED..

ATTATCHMENT # 1

B'nai Torah
A COMMUNITY SERVICE ORGANIZATION
IN THE SPIRIT OF JEWISH TRADITION
875 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10001
PHONES (212) 736-5460 • 871-6000

RABBI LEIB PINTER
Chairman

Queens Assistance Program
4260 Main Street
Queens, New York 11355
Room 12

April 12, 1976

The State Education Dept.
Food and Nutrition Services
World Trade Center II
Room 5040

Att: Dr. Calvin
Mr. Morris Terry

Dear Sirs,

We wish to clarify our yes response for question 2 on the application for participation- Summer Food Service Program for Children. Queens Assistance Program is an affiliate organization of Bnai Torah applying as sponsor of a Summer Lunch Program in the Queens area. Our parent organization also sponsors a Winter School Breakfast and Lunch Program funded by Food and Nutrition Service and administered by the N.Y. State Dept. of Education. Bnai Torah, as our umbrella organization, is thus involved throughout the year in a nutrition program. We, Queens Assistance Program co-ordinate our efforts for the Summer Lunch Program with Bnai Torah and Likewise work together with them on the Winter Program. Our response of yes therefore reflects these joint efforts with Bnai Torah.

Sincerely,

Marvin Basch

Marvin Basch
Director

MB/dm

B'NAI TORAH
AFFILIATED ORGANIZATIONS
Victor Mayer, Executive Administrator

ADVANCEMENT FOR NEW AMERICANS
875 Ave. of the Americas, New York, N.Y. 10001
Mayer [illegible], Director

B.I.Z. (Summer Feeding Program)
750 Remsen Avenue, Brooklyn, N.Y. 11236
Sidney [illegible], Director

B'NAI TORAH INSTITUTE
1706 48th Street, Brooklyn, N.Y. 11204
Rabbi David Mykoff, Principal

CAMP B'NAI TORAH
Greenfield Park, N.Y. 12435
Rabbi Avrohom [illegible], Director

CONFERENCE OF ASSOCIATED YESHIVAS
4925 17th Avenue, Brooklyn, N.Y. 11204
Rabbi Moshe [illegible], Director

JOB EDUCATIONAL TRAINING
1609 [illegible], Brooklyn, N.Y. 11229
Rabbi Avraham M. [illegible], Director

NUTRITION FOR YOUTH
2313 Laconia Avenue, Bronx, N.Y. 10469
Bernard M. [illegible], Director

QUEENS ASSISTANCE PROGRAM
4260 Main Street, Queens, N.Y. 11355
Marvin Basch, Director

[illegible]
101 West 31st Street, New York, N.Y. 10001
[illegible], Director

APPENDIX 10 continued..

OFFICE OF REP. ELIZABETH HOLTZMAN
August 29, 1976

PERSONNEL OF PINTER-GROUP SPONSORS

B'NAI TORAH INSTITUTE (BTI)	BAIS ISAAC ZVI (BIZ)	SPECIAL PROGRAMS FOR AMERICANS (SPA)	NUTRITION FOR YOUTH (NPY)	QUEENS ASSISTANCE PROGRAM (QAP)
Lieb Pinter Chairman (BTI letterhead), Treasurer (IRS exemption form)	Sidney Pinter President	Abraham Pinter Treasurer	Sidney Pinter Trustee	Pinchus Pinter Trustee
	Alois Stolle Secretary (7/1/76 letter in State Education Dept. file)	David Pinter Plant monitor (payroll, copy in State Education Department files)	Mendel David Treasurer	Mendel David Vice President
			Dov Gewirtzman Vice President	Binyamin Clapman Secretary
Victor Mayer Executive Administrator (7/14/76 letter from Taubenfeld to Cooper, in State Education Department files)	Victor Mayer Secretary	Victor Mayer Secretary	Victor Mayer President	Victor Mayer Treasurer
	Nathan Kamenetsky Trustee	Nathan Kamenetsky Trustee	C. Mayer Assistant Director (staff list in Education Dept. file)	Robin Mandel Assistant Director (signed contract with vendor)
	David Mykoff Trustee	Jacob Blumenkranz Trustee		
A.M. Donner Director (BTI memoranda in Education Dept. files)	Abraham Donner Treasurer	Abraham Donner Vice President	Bernard Taubenfeld Executive Director (6/25/76 letter in State Education Dept. file)	Marvin Basch Director (Education Department printout)
	Yitzchok Scholnick Vice President	Isidore Taubenfeld Trustee		
Jeffrey Feuer President		William Miska Executive Director (signed contract with vendor)	Ben Taubenfeld Secretary	
Mordechai Weinberg Vice President				
Avrohom Kleinkaufman Trustee				Abraham Kleinkaufman President
Shmuel Miller Secretary				
Avner German Trustee				

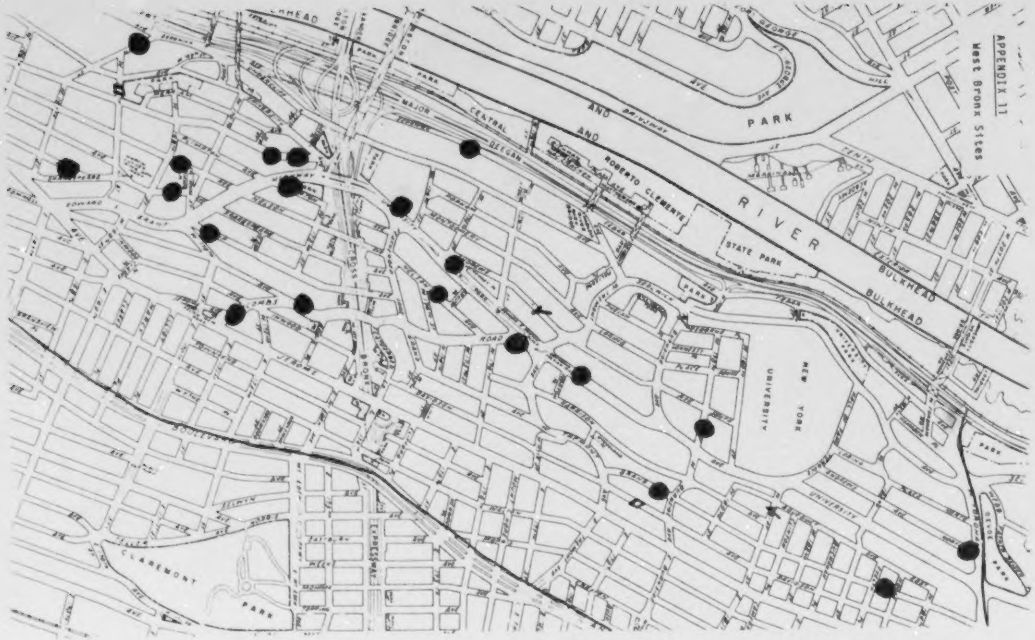
Note: Source, unless otherwise identified, is Internal Revenue Service exemption application form.

CONTRACTS OF PINTER GROUP SPONSORS

OFFICE OF REP. E. HOLTZMAN
August 29, 1976

R	B'NAI TORAH INSTITUTE (BTI)	BAIS ISAAC ZVI (BIZ)	NUTRITION FOR YOUTH (NFY)	SPECIAL PROGRAMS FOR AMERICANS (SPA)	QUEENS ASSISTANCE PROGRAM (QAP)
D	ACCEPTED: was "smallest of the bidding vendors"; thus, "BTI, a small sponsor, would receive efficient and satisfactory attention and prompt personal service."	REJECTED: "we were not convinced of their experience in food service and of their financial capabilities."	REJECTED: "the relationship between the two" (FSD and JABCO) "is unclear and questionable."	REJECTED: the relationship between the two" (FSD and JABCO) "is unclear and questionable."	REJECTED: FSD was lowest bidder.
OOD ERVICE YNAMICS	REJECTED: no reason given.	ACCEPTED: "clean, spacious, and most modern in equipment and facilities. The management has had extensive experience in food service and lunch programs."	REJECTED: "serviced our affiliate organizations last year Summer 1975. They were very dissatisfied with their operation."	REJECTED: "serviced our Summer Feeding Program last year and we were very dissatisfied with their operation."	ACCEPTED: "Submitted the lowest bid," "has experience in this type of program," "facilities greatly exceed the standard requirements," "proximity."
HI- ORE	REJECTED: no reason given.	ACCEPTED: "we were satisfied with our previous experience with Hi-Score Food Management Co. Furthermore, we were impressed by their commitment for new refrigerator trucks," and "we were also impressed by their financial resources and background."	ACCEPTED: "performed reasonably well for our affiliate organizations last year," "many years of experience," "run by professionals." "This company also operates a brand new. . . commissary in Lodi, N.J."	ACCEPTED: "performed reasonably well for our affiliate organizations last year."	OUTSIDE VENDOR REJECTED: "Everfresh Nutritional Foods," 1400 East Bay Ave., Bronx, subsidiary of Shopwell. FSD was lowest bidder. [Information from Ass't Dir. of QAP, telephone conversation with Holtzman staff member, 8/26/76]
ALS D ACKS			REJECTED: "serviced our Summer Feeding Program last year. Because of the fact that their commissary is in New Jersey, deliveries were often late."	ACCEPTED: "performed reasonably well for our affiliate organizations last year."	

NOTE: ALL QUOTED REMARKS ARE FROM LETTERS AND MEMORANDA IN EDUCATION DEPARTMENT FILES, PROVIDED BY SPONSORS.

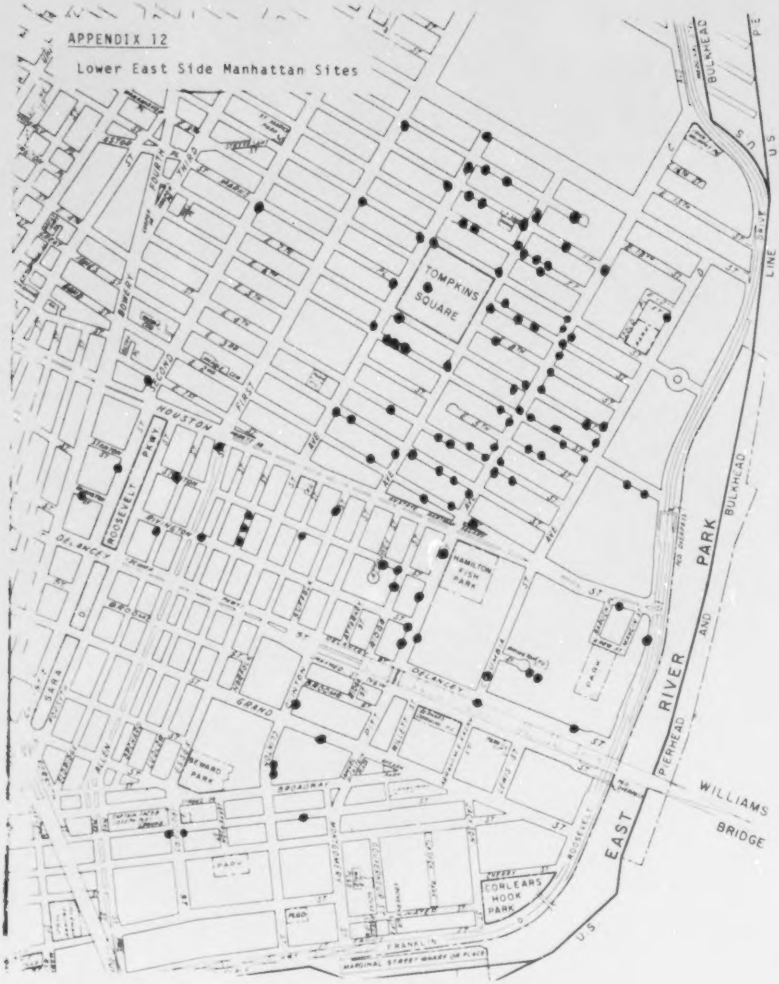

RIVER
BULKHEAD
BULKHEAD
PARK
ROBERTO CLEMENTE
STATE PARK
MAJOR DEEGAN
CENTRAL
AND
AND
NEW YORK UNIVERSITY
UNIVERSITY
ROAD
JEROME
EXPRESSWAY
CLAREMONT PARK
EDWARD
GRANT

APPENDIX 11

West Bronx Sites

APPENDIX 12

Lower East Side Manhattan Sites


TOMPKINS SQUARE
HAMILTON FISH PARK
SEWARD PARK
CORLEARS HOOK PARK
PARK
EAST RIVER PARK
PIERHEAD
BULKHEAD
U S
LINE
WILLIAMS BRIDGE
HOUSTON ST
DELANCEY ST
GRAND ST
BROOME
BROADWAY
FRANKLIN
MARGINAL STREET WHARF OR PLACE
ROOSEVELT PKWY
BOWERY
SECOND
FIRST AVE
FOURTH
THIRD
ASTOR PL
SARA
ALLEN
ORCHARD
LUDLOW
ESSEX
CLINTON
MONTGOMERY
ROOSEVELT
AVE

APPENDIX 13

COMPLAINTS PREPARED BY ONE SITE SUPERVISOR:

Complaints which have been made daily since the beginning of the Program:

1. Sandwiches arriving unsealed; situation remains uncorrected; have notified both the sponsor and the vendor directly; sponsor and vendor have seen the items; in the week of 5-12 August, 678 out of 1563 sandwiches had to be discarded after being individually inspected for improper sealing.

2. Food received at improper temperature; situation seems to have been corrected in the sixth week of the program; both sponsor and vendor were notified directly; milk received at unpalatable temperatures, chicken and luncheon meat received frozen without time to thaw, fruit and juice received warm.

3. Erratic delivery schedule; was corrected in the fourth week of the Program, but former practices seem to have resumed this week; food scheduled to be delivered at 11 A.M.; food actually received anywhere between 9:15 A.M. and 2 P.M.

Complaints which were made as the occasion arose:

1. Poor quality meat -- greasy and fatty luncheon meats; adulterated meat patties; turkey and ham rolls filled with cartilage.

2. Damaged goods -- broken juice containers, mashed fruit.

3. Foreign matter appearing within the packaging -- pieces of paper, unidentifiable reddish substance, mosquitos.

4. Tainted meat -- on two days, greenish spots on sandwich meat; suspect some cases of food poisoning.

5. Moldy bread -- on two days.

Complaints which have been smothered because of more pressing concerns:

1. Unattractive foodstuffs -- processed cheese on an opened hot dog bun, one piece of frozen fried chicken on a piece of white bread, etc.

2. Stale bread -- probably due to improper packaging.

APPENDIX 13 continued..

3. Repetition of fruit and/or juice for two or more days running.

4. Fruit and juice of same sort delivered on a given day.

APPENDIX 14

Profit Potential for Vendors

A reputable vendor who offers a varied menu, enjoys a cooperative working relationship with the sponsor or sponsors, inspects and supervises deliveries and reponds to requests for menu change, can make a fair profit. Below is an itemized list of average costs per meal based on information supplied by two such vendors, one of whom prepared 35-40,000 lunches, and the other, 90,000 lunches daily.

Figures for lunch only are presented for the sake of simplicity. Both vendors offered high quality meals and each spent more than the other on some items, less on others. Both sometimes exceeded the minimum requirements designated by the USDA's "Type A" meal, offering extras, such as cookies and both averaged about 8¢ profit per meal.

FOOD ITEM	AVERAGE COST
Protein	.19
Bread	.04
Milk	.11
Juice	.065 (6 1/2¢)
Fruit	.055 (5 1/2¢)
Condiments	.015 (1 1/2¢)
Delivery	.065 (6 1/2¢)
Labor and Supervision	.09
Packaging	.07
Overhead	.02
*TOTAL COST	.72

A well-run plant requires higher overhead costs for labor, rent and maintenance to ensure sanitary food handling. Regularly cleaned equipment and premises, hot and cold running water readily available to employees for frequent hand washing, plastic gloves, experienced labor and careful supervision, adequate regrigeration and laboratory analysis of food -- all raise the cost of production. Nevertheless, where all the above conditions are met, a wholesomeness product results and profits are still made.

* The above 72¢ average costs were based on actual costs ranging from 69 1/2¢ to 74 1/2¢.

APPENDIX 14 continued..

Where they are not met, the profit potential is outrageous, as is the product produced. When a vendor leases an empty warehouse for the summer, where the only facility for washing up is a cold water hose, the rent is cheaper. Plastic gloves cost extra money, as does experienced labor. Sanitary plants that have clean, adequate toilet facilities with paper towels and soap, cost more in supplies. A dirty plant with unsanitary working conditions and inexperienced, poorly paid labor adds to a vendor's prodit and results in contaminated food. Not using refrigerated trucks further reduces costs, as does bulk packaging.

Even when good sanitation procedures are practiced, profits may be enlarged by compromising the quality of a meal, using a lower grade meat or other protein) or lower grade juice and fruit. Lamentably, this can be done within the minimum nutritional requirements prescribed by the USDA's "Type A" meal. For example, a meal which was served daily at many sites consisted of a bologna sandwich on white bread, a small banana or other unripe or rotton fruit, a juice barely meeting minimum requirements and bulk delivery. A vendor receiving 80 3/4¢ for delivering such a meal may spend 65¢ or less to produce it and clear at least a 15 3/4¢ profit per meal per day.

EXAMPLES OF CUSTOMARY AND EXPLOITIVE VENDOR PROFITS

Payment per meal to vendor	$	.80 3/4
Payment to vendor preparing 50,000 meals daily		40,375.00
Payment to vendor preparing 50,000 meals after 40 days in Program		1,615,000.00
Customary vendor profit at 10% of $1,615,000.00 =		161,500.00
Exploitive profit to vendor at 20% of $1,615,000.00 =		323,000.00

APPENDIX 15

The following documents mentioned in this report are available for your reference at Community Council of Greater New York:

1. State Education Department internal memoranda showing bureaucratic delay in setting up the Program.

2. Copies of interview forms used for vendors, sponsors, residential camps and sites.

3. Federal regulations (1974 and 1976) governing the Summer Food Service Program for Children.

4. Report from the Children's Foundation Summer Food Service Conference. September, 1976.

5. Report on the Program prepared by the City of New York Office of the Controller. July 30, 1976.

6. File of newspaper clippings re Program. Summer, 1976.

APPENDIX 16

Summer Meals Committee of the Hunger Task Force

Nancie Palmer
Chairperson

Lorelei Joy Borland
Food Research and Action Center

Bill Burnes
Executive Director, CCNY/YMCA

Carmen Canales
Mariana Bracetti Houses

John Cimarosa
Camp Management Project

Janice Dodds
Nutrition Department, Teacher's College, Columbia University

Lou Gordon
Congressman Fred Richmond's Office

Alan Grossman
New York State Consumer Protection Board

Richard Heitner
Controller Harrison P. Goldin's Office

Toni Liquori
Community Action for Legal Services

Jessie McFadden
Agency for Child Development

Hector Pagan
Inner City Central Service Corporation

Peggy Ravich
Nutrition Department, Teacher's College, Columbia University

Alice Scott
Food Research and Action Center

Vicky Spiegel
Director, Hunger Task Force

Project Staff

Kathy Goldman, Project Consultant
Harriet Putterman, Project Director
Jeanne Perry, Site Coordinator
Ruth Rodriguez, Vendor Coordinator
Patricia Sutton, Sponsor Coordinator

On loan from Inner City
Central Services Corp.

Monitors

Alfred Bedford
Angela Cain
Carol James
Pierre Keyes
Yvonne Lewis
Quentin Martinez
Evan Puchades
Michael Ramos
Edmundo Rodriguez
Paul Sanchez
Jonathan Sayles
David Steele
Curtis Strong

Volunteers

Susan Breslin
Elaine Freedman
Bill Goetz
Jacqueline Gross
Paulette Julius
Dottie Leung
Agnes Molnar
Susan Seisdedos

STATEMENT OF KATHY GOLDMAN, DIRECTOR, CHILD NUTRITION PROGRAMS FOR THE HUNGER TASK FORCE COMMUNITY COUNCIL OF GREATER NEW YORK

Mrs. GOLDMAN. I would like to read a portion of my statement, and make clear that what we are entering into the record here is our basic report that was done this past summer, a monitoring report and recommendations that were done under the auspices of the Community Council of Greater New York.

I will not read my entire testimony, but I will raise certain points that we don't think have come up yet, and just mention certain points that we do think are either pro or con.

Mr. SIMON. As I glance through your report, it is obviously a very substantial contribution you have made.

Mrs. GOLDMAN. Thank you very much.

Initially, we would like to say that we were very pleased to hear what Chairman Perkins said and the whole tenor of the feeling that everyone is so committed to the idea that the children must be fed. While abuses did take place in the program, it is essential that these children be reached, and that must stay uppermost in our mind.

Also, many of us feel that with the problem, the summer feeding program did work, and has worked. There are many instances where good food was served.

We feel that the current controls that have been added will be of tremendous help in making sure that that happens throughout the program, but we want to make some specific suggestions.

One is that no matter how well drawn, specific or near-perfect the legislation and regulations are, they are only as good as the administering agency that carries them out. We feel that the U.S. Department of Agriculture must develop a system of ongoing monitoring and oversight of the State agency or food and nutrition service regional office that will guarantee a well-run program.

We are not just suggesting that USDA monitor the program here in July and August. We are talking about preprogram planning and making sure that those plans are correct and that they are being adhered to. Because of this, we are very concerned about the time table.

For example, it is our understanding that in New York State, the agency, the board of regents which governs the State education department has not made a final commitment to the running of this program. They have made a couple of statements at previous meetings which say that if they are guaranteed that it is not going to cost them money, and if certain other things happen, then they will take the responsibility, and permit the State education department to run the program.

Actually, they could still say no, at this stage of the game, and the Food and Nutrition Service's regional office would have to take over the program, at this incredibly late date, and we would be faced with a very chaotic situation.

So we are suggesting that whichever local agency is going to be in charge must be in place, we are suggesting, by the previous October.

So, the agency should have said in October of 1976, yes, we are going to run the program in 1977. We are very concerned that this should not be permitted to happen.

In line with that, we think that there has to be an interim State plan. The current regulations require the States to come in with their plan on February 15, and that is really too late. If they come in with a plan that is inadequate, and USDA takes a look at it, and says: "It is not good enough," it is just too late, in the case of a program as large as New York State's, to start making changes. They have to have an interim plan that people have looked at, and see that it is really functional way in advance of that.

The third point that I would like to make is on the question of food quality. That, practically, does not appear anywhere. We did get one paragraph put in the regulations this year, but we are very concerned that stringent requirements, more complicated than the type A framework, be added.

We think that it has been incredible paying the kinds of sums of money to vendors, which has resulted in many of the problems that we have talked about earlier. Our appendix 9 of the report has certain specifications on the kind of things that people can adhered to. For example, the skeletal beef they use, because grading has been dropped and it is impossible to go into a grading system.

For example, in New York there are very strict regulations on milk requirements, but everything else is wide open. You can serve the worst kind of stuff, and some of it was served, and still charge the same kind of money.

So we are very concerned about the quality of the food. We are also very concerned about vendor profits being limited. As Congresswoman Holtzman referred to, if you will look at my statement on page 5, we copied a bid from one of the vendors who was involved in last summer's program, who bid on a breakfast program in a district where my child goes, and Mr. Weiss's child goes.

So we copied this bid from their statement. I suppose they thought they were impressing the school district, but as you can see they admit to making a profit of $926,500 in 9 weeks. That is unconscionable.

To tell you the truth, and I don't want to go into the details of this particular vendor, but they were a disaster during the summer. We had, in our office at one point, a very nicely wrapped sandwich, including a fly in the wrapping. Someone said that this had to be done in order to meet the protein requirements because the content of the sandwich was so poor. Nevertheless, that is the kind of food that was supplied, and that vendor made that kind of profit. So something has to be done to stop that.

We feel that food quality controls will help because if they have to serve a certain quality juice, and a certain quality of fruit, and a certain quality of meat, it is going to cost them some money.

We would like to make another suggestion. The State education department, in its guidelines for the school breakfast program, requires that a certain percentage of money be spent on food. We think that this should be considered.

In that program, 55 percent of the funds must be spent on food components. We think if a similar element were introduced into this legislation, it would be very, very helpful.

For example, 55 percent or 60 percent, whatever percentage, would guarantee that there would be a high standard of food quality, and would automatically preclude vendors from making superprofits. This would be very helpful.

We would also urge that if it is at all possible, I don't know if anybody can have any influence on the U.S. attorney's office, but it would certainly help to keep that perspective, if vendors or sponsors who are thinking of illegal activities, if the 1975 and 1976 prosecutions would be carried out. Nothing has happened. None of these people have actually been brought to book.

There have been some really fine vendors in this program. But, they, of course, are caught in the same trap, and tarred with the same brush.

There are no regulations with regard to collusive bidding, and so forth. We will not go into that. We also think that they shouldn't permit vendors who do not take care of the entire meal. Prime vendors are the only ones that should be in.

For instance, you would have people who would just rent a garage space and buy sandwiches from somebody, and buy juice from somebody else, and milk from somebody else, and fruit from somebody else, and put it all together in the most unsanitary circumstances, and nobody could ever check it out. We think that this should not be permitted.

We would like to see an outreach program by the State agency in finding more vendors, especially small caterers in local communities, and minority vendors that could be brought into the program.

We think that there has been a great lack of health controls and inspections. We think that USDA plant inspectors who are experts should be utilized by the localities, especially when dealing with large vendors, and that the local health department shoud be utilized, and perhaps Federal funds could be made available for the local health departments to be involved in this program.

We would like to see a mandatory outreach program to help find the legitimate church groups, and small groups, and other kinds of sponsors that, really, we feel should be the backbone of this program.

We agree that the sponsor should not receive a per-meal reimbursement. By the way, it should be noted that some of the really good sponsors in New York have traditionally returned and never used the 6.5 cents that they received. They used what they needed to under the legitimate program, and didn't fudge up the figures to use the rest of that money. We seldom hear about them, unfortunately.

We are concerned about automatic priorities to the schools. There are a number of attachments to this statement which cite really why we are saying this. Specifically, the GAO report that was done for Congressman Richmond will show that 45 percent of the meals served in the regular lunch program have been below nutritional standards. Now, I don't think that many of the sponsors, even in the summer meal program, fell that badly below that requirement. We are very concerned.

State controller Arthur Levitt completed an audit in 1976, which has very, very similar criticisms to the GAO report, and raised many of the same questions. Also, the Bureau of School Lunches, which runs the meal program for the school board of education of the city of New York, has been involved in some serious dealings with vendors. We have an attachment No. 4 which deals with that. It involved two top officials of the Bureau of School Lunches being suspended for collusive contract rigging of $2 million with paper good concerns. This was done in small packages of less than $5,000, in order to avoid public bidding.

So we are very worried about the concept. We don't have any principle question with the idea of schools being used, but we are very concerned, in New York City, with handing over the program to that kind of an outfit. We would like to see the schools used, where they are needed.

By the way, in areas of New York, rural areas, you cannot use the schools unless you are going to bus all the children back to school in the summer. In a place like Staten Island, for example, or communities outside of New York where the children go to school by bus, it is really impossible to run this program, and you must find local groups and local community groups and churches to fill that need.

We are also concerned that residential camps be treated as a separate category, because it is so important to many of the things that they need.

We would like to see more commodities used in this program. One of the reasons that they are not used is because it comes down too late. It never gets there in time. If the State agency could plan better, we are convinced that that could be used there. It would be of great importance. Some residential camps have used commodities, but many city programs did not.

I would like to end here, at this point, again by emphasizing that in our opinion, we feel that the legislation should go through 1982. It is crucial to the children in this country, particularly in New York City. We know how desperately needed this program is needed, and we want to see that it continues.

Mr. SIMON. Thank you.

Mr. Calvin, Mrs. Goldman mentioned the rural areas. About one-third of the program is in New York State, or goes to New York State, one-third of the Federal expenditures. To what extent are you reaching out to areas of rural poverty, and I ask that because I am from an area where we have rural poverty, and I see areas like ours sometimes.

Mr. CALVIN. We have tried to reach the rural areas, but the program is primarily an urban program. GAO in 1972 conducted a review of the State's program, and found at that time that we were reaching the cities and we were not doing too good a job in reaching the upstate areas.

Mr. SIMON. Of the money you spend, for example, how much money would go to New York City, or how many are served, or any data that you have.

Mr. CALVIN. I have it in front of me. In New York City we serve approximately 41 million lunches, and 3.3 million lunches in the other part of New York. We serve 12 million breakfasts in New York City, and we a little less than 1 million outside the city. We serve 8 million suppers in New York City, and we serve approximately 1 million suppers outside the city of New York.

Mr. SIMON. When you say, 1 million outside of the city of New York, where is that?

Mr. CALVIN. Albany, Rochester, Syracuse, and some residential camps. Very little of it is in rural New York. We probably have some in Chautauqua County, which is probably as rural as you can get in the western part of the State, and we did have some in Saratoga County. We have some in various other counties in the State, but most of the programs are in the cities.

Mr. SIMON. Are you making an effort to reach rural poverty?

Mr. CALVIN. We have a person who has been assigned to outreach it. We have contacted most of the groups that are looking for this type of assistance. Every county in New York State has an opportunity to participate in the program and we have contacted every single one of those organizations asking if they would become volunteers for the program.

You do have the problem of how to get the children to the site, as Mrs. Goldman said. The GAO in 1972, at least in conversation with me, suggested that perhaps we could use a meal-on-wheels approach because the children are not coming back into the schools.

If you bring in children from half the county into one school district, they just do not come over there for a lunch program unless they do have some type of transportation. We do have that problem in the rural parts of the State.

Mr. SIMON. When you found the abuses that you cited, and others have cited here, what do you do?

Mr. CALVIN. During the summer, we closed over 2,000 sites. We terminated at least one sponsor that I know of. We withheld, as I said, some $2 million already on some of the sponsors, and we are trying to get more monitors, and we had more monitors in August.

Again, the problem as I stated is that it was very late before we decided to get into the program. It was February before we decided that we could be in the program. We conducted our first meeting with sponsors across the State in April. I was unable to hire a coordinator until May.

We hired most of our monitors toward the end of May, the first part of June. We were not able to finish reviewing the sponsors' applications until the first 2 weeks in June.

We were forced to be reviewing sites on June 29 and 28, when the sponsors were starting to serve.

Mr. SIMON. Let me be a little bit more specific in my question.

When you found the areas where you thought that fraud had taken place, did you report it to law enforcement agencies?

Mr. CALVIN. We reported it to the USDA, to the Office of Audit.

Mr. SIMON. One more question. Mrs. Steinberger, how many people work for you, do you feel that you have an adequate staff to do an effective job, and really monitor what is going to take place this summer?

Ms. STEINBERGER. It depends on what you are talking about, when you say adequate. There are approximately 50 people on the staff who work in Albany and Manhattan. If we are talking about a proposed budget of $2.6 million, there are enough people to more than adequately monitor the program.

At this point, it is questionable whether we have $2.6 million to administer the program.

Mr. Simon. As soon as you know what you will receive in the way of—let us assume that in 30 days you would find out that you will have $2.6 million to administer the program, is that adequate?

Will you have enough staff so that you can prevnt the kind of abuses that have taken place in the past?

Ms. Steinberger. That would be more than enough. I personally believe in quality rather than quantity. I think that you can get too many monitors out in the field.

Mr. Simon. Thank you, Mr. Chairman.

Chairman **Perkins.** We will now call on the next member, Mr. Zeferetti.

Mr. Zeferetti. Thank you, Mr. Chairman.

First let me congratulate Mrs. Goldman for her comments and for her extensive work in this area.

I want to extend my own apology for leaving early on Monday but I had to catch a plane to Washington and attend to legislative business.

We had a meeting about 2 weeks ago here with the board of regents, the chancellor, and the commissioner. At that meeting there were some comments made that they were, giving approval to the program.

Would you like to comment on that, Mr. Calvin?

Mr. Calvin. I know that we have a regents meeting today, and we are discussing this again. They gave us the authority to go along as if they were going to approve it back in February, and we have been working on that assumption all the way through.

Now, they did say that one requisite of this was to have enough money for the State to administer. If they are going to hold us to the 2 percent, or something, which we don't really know at this time, we know that this is not going to be enough money to adequately do the job. So we asked for the additional funds.

Secretary Bergland has sent a letter back stating that we are not going to get any more than the 2 percent, that is all that is available. So the regents are again looking at this to see whether or not we can revise that budget, what will happen if we have to live with the 1 dollar figure.

As I said earlier, we have overspent our budget. Last year we were estimating a 1.4.

Mr. Zeferetti. Have you planned for any type of administrative guidelines in the event that you do not get the money, in the event that you do not have the ability to supply yourself with the monitors and the quality type of monitors, maybe?

Have you provided some sort of guidelines that you are going to run with in the event that you do not get what you are supposed to get?

Mr. Calvin. The initial statement was written on the basis of the 2 percent.

Mr. Zeferetti. There is the possibility, as you have just indicated you got into the program late last time. I think that it would be advantageous this time to program for a late game plan in the event that something happens. These abuses shouldn't happen again.

As Mrs. Goldman said, one of the things that we have overlooked, there are legitimate vendors who have been involved with this, and legitimate sponsors who are taking care of the needs of children, and they will be penalized, to a degree, because of the few who have abused the program.

I think provisions ought to be drafted and regulations promulgated toward this end. If you get your money, fine. If you don't, I think that you should have some late game plan drafted.

Along with that, I think that some of the legitimate people should be paid. Is there anything being done now to see that some of these people are receiving payment?

Mr. Calvin. As I said, we have 20 sponsors in New York City that have been paid, but none of them have been paid 100 percent of what they asked for, not even the largest sponsor, and this has been since 1971. We withheld quite a large sum of money from them.

We had a meeting with them so as to see whether we could release some more money based on their record, what they can supply to us. We hope to have all the sponsor claims in Washington for review by the USDA before the end of this month. So we are making steps to get this thing processed.

It is just their lateness in submitting the claims that pushed us further back in the processing of the claims.

To answer your question, the plans that we have made to hire people, to get them on-board, to accept applications, to meet with the sponsors in December rather than April, to meet with vendors, et cetera.

All of these things have gone along now, and should help us regardless of the amount of money that we get, because we are taking these steps, and tightening the regulations. The fact that we are actually meeting with vendors rather than saying, OK, our relationship is strictly with the sponsor. I think that all of this should help us to control the program.

I think that Mrs. Steinberger's experience in New Jersey, plus the experience throughout the State of New York, is going to help us run the program better next year.

Mr. Zeferetti. Were you in the audience when we were talking about the separation of administrative costs and delivery of services?

Mr. Calvin. Yes.

Mr. Zeferetti. Would you go along with this recommendation as one way to curtail abuses?

Mr. Calvin. It should be done on a budget basis, subject to the approval of the budget agency, and the Regional Office of the Department of Agriculture.

Mr. Zeferetti. Has your department, or the agency done anything to deal with the sponsors and discuss some of the concerns that Mrs. Goldman mentioned, as far as bringing out some quality meal specifications, or working toward that end, to provide a better, viable meal to children, more nutritional meals for children?

Mrs. Steinberger. At this stage of the contract, it is monitored by the State. I have not seen it since the people have done work on it.

There are certain things that are noted in them.

Certainly, the quality of the food should be mentioned in the specifications. This is something that was done in Jersey, and I don't see any reason why it should not be done in New York.

Another thing that Mrs. Goldman addressed herself to was setting a certain portion of the price aside for food. In New Jersey, I did have a policy whereby two-thirds of that money had to be spent on food, and this was primarily for sponsors preparing their own meals, which I think should be carried on into the vendor operation.

Mr. ZEFERETTI. One last question, how do we regulate, or prevent vendor operation abuses?

Mrs. STEINBERGER. Included in the contract, and I hope it stays, there will be a no assignment of subcontracting. So, aside from your milk, your juice and your fruit, the vendor who signs that contract with the sponsor will be responsible for preparing the sandwich, the main components of putting the meal together at the plant designated in their application.

Mr. ZEFERETTI. It does sound like a tight mechanism. Thank you. I have exceeded my time.

Thank you, Mr. Chairman.

Chairman PERKINS. Mr. Weiss.

Mr. WEISS. Mrs. Goldman, I want to compliment you and the community council for the tremendous work that they have done in this area.

I was pleased to hear your testimony about maintaining a perspective as to where the sites should be located, and as to who the sponsors ought to be. I have witnessed in the course of the years that I have served on the community council the problems that the Bureau of School Lunches has had.

I think that we may be simply trading one set of abuses for another set of abuses if we just accept them on a blank check basis, and they might not be a proper supplier.

In New York, it is my recollection that there are no outside vendors in the year-round school lunch program. Is that correct?

Mrs. GOLDMAN. There are outside vendors. The Bureau of School Lunches contracts, for example, for nearly or something over 200,000 frozen meals daily from Morton's Food, and two other frozen outfits, despite, and that is also attached to the statement that we have here, bacterial contamination to just totally unsatisfactory meals have been found.

This is the type of problem that we are so concerned about. They make a contract with a place like Morton's for mass feeding, or one of the tremendous outfits like that, and the contract, after the Consumer Protection Board got through with that, they strengthened the terms of the contract, but nobody holds anybody to it.

In one instance, the fishmeals were contaminated, and they said: "Please stop using them from now through the rest of the term." This was last May. They said: "It is going to cost us a lot of money if we stop using it." I don't understand that.

If somebody is serving you inadequate meals, contaminated meals, you have a perfect right to refuse to take them, or refuse to pay for them. It should not cost you 1 penny. But this is the kind of thing that goes on.

Mr. WEISS. Do you know of any overlapping? In other words, are there outside vendors who are used in the year-round program, who are also used in the summer feeding program?

Mrs. GOLDMAN. I really don't know, but I doubt it. I really cannot answer that. I don't think that it is true on a central level.

The Bureau of School Lunches usually deals in such large quantities in its raw food, or frozen meal packages. It is an interesting question.

Mr. WEISS. Mrs. Steinberger, I welcome you to New York, and not only to Washington, and wish you well in your new undertaking.

May I ask you, when you worked in New Jersey, what was the breakdown of public sponsors as distinguished from the community sponsors? Do you have any figures on how it would break down?

Mrs. STEINBERGER. We had a total of 145 approved sponsors last year. About 10 of those were public schools. Probably upward of 10 were private schools. About 1 dozen were city programs. For the most part, the rest are what you would call private, nonprofit sponsors, 36 of which were residential camps.

Mr. WEISS. Did you find that they performed as well as, better, or worse than the so-called public sponsors?

Mrs. STEINBERGER. I would say that, in fact, the schools, for the most part, in New Jersey, again, they were treated just like other sponsors as far as the application process went, they were reviewed, they were cleared ahead of time. The public schools were probably, in general, better than the private sponsors. But that does not mean that we did not have very good private sponsors also.

We just had some excellent public schools. One of the main points in the public schools operating in New Jersey was that they were preparing the meals out of their own kitchens, so they were able to prepare superior meals because they had a year-round staff, and the food was excellent. They were not subcontracting.

Mr. WEISS. They were not serving frozen food as such?

Mrs. STEINBERGER. They were serving fresh foods.

Chairman PERKINS. I would like to ask you a question.

Now, are you coping with the situation, at the present time, differently from the way your predecessor handled the program? How are you handling the situation in New York.

Mrs. STEINBERGER. That is a tough question.

Chairman PERKINS. Tell us what changes are being made?

Mrs. STEINBERGER. I cannot honestly say. I was busy in New Jersey last year. I don't know step by step how they handled it.

For the most part, what I am trying to do is very similar to what I did in New Jersey, and that is to look at every sponsor on an individual basis to scrutinize everything that is written on those applications, to cross-check with every conceivable piece of research I can find, to determine whether we have a feasible sponsor.

I have set up a hearing procedure so that the sponsors who have been disapproved, and it is no secret that they have been disapproved in New York, will have a procedure where they can go formally and protest. In fact the letters are going out tomorrow.

This is something new. It is something that we were doing in New Jersey. It turns out that it is in the regulations this year also.

We have a very similar procedure where we scrutinize the vendors that have applied. They also will have a procedure if, in fact, they are denied approval. I think that everything has to be consistent in this program, within the State. I think that the rules have to apply to everyone.

I think that everyone has to be treated fairly, and this is in spite of the fact that in this program, in New Jersey, we dealt with some crooks.

Chairman **Perkins**. Do you feel that new legislation is necessary to handle the situation in New York, in order to get it all above-board and to eliminate all of the fraud that is taking place in that area?

Mrs. **Steinberger**. I do think that the advance funding has to be addressed. I concur with the testimony that Dr. Calvin has presented. I think that the advance funding has presented a problem, not only in New York, but in New Jersey too.

We ended up overpaying our sponsors. We ended up with sponsors who ran off with the money. I think the 65 percent is too much, and I think that there has to be some discretion on the part of the State agency as to how much the sponsor should be getting in advance.

Chairman **Perkins**. Will you be able to keep a check on the summer feeding program this summer from the standpoint of meals that are delivered in certain schools and other areas to the youngsters and elderly people who are entitled to those lunches?

Do you feel that you have sufficient control now to make sure that the recipients, intended recipients, will get those meals?

Mrs. **Steinberger**. I feel that I know how to do it. It worked in New Jersey. I know that this is a bigger ballgame, but I feel like the rules are certainly the same. It is just a matter of doing it, and holding a very tight rein on it.

I think that it can be done. I think that it requires an enormous amount of intensive staff training. As I have come into New York, I feel that there are a lot of people who know the program, but not to the degree that I think it is necessary to know the program in order to oversee it or monitor it.

I am going to put a strong emphasis on training State staff.

Chairman **Perkins**. Mr. Calvin, would you care to comment on that?

Mr. **Calvin**. I don't really think that I have anything more to say I think that your questions are answered, to some extent, in our presentation, and to some extent by the GAO, the gentlemen that were here earlier.

I would like to say that it is interesting to note that in Public Law 94–105 there were many changes that were made based on the previous years. I have a copy of recommendations that I made to the GAO in 1972, everyone of those recommendations that I made to try to strengthen the program are included in Public Law 94–105.

Everyone of the recommendations that I made this year for the final regulations, all but the one about the advance funding, have been included in the final regulations.

So I think that the State of New York, regardless of what the history looks like as far as what we tried to do, we did know what the problems were, and we did try to address them.

There were circumstances, to some degree, that we did not have the capability to overcome.

Mrs. GOLDMAN. You can go back to 1971, when we started this program, and I don't think that anyone of us sitting at this table can come up with something that is brand new as a panacea for making this program run.

It takes a lot of hard work, good intentions from the people who are trying to run the program.

Chairman PERKINS. Mrs. Steinberger, a personal question. Were you selected by the State Board of Education of New York, or the State Board of Education of New York City to come there and operate the program, or who selected you?

Mrs. STEINBERGER. I was selected by the State Board of Education of New York. I am in charge of the entire State program.

Chairman PERKINS. Mrs. Goldman, would you like to make a comment?

Mrs. GOLDMAN. I would like to make a comment on the advance payment. I think that it has to be determined in terms of what the advance payments are used for, and by whom. For example, we are very much in favor of local school sponsors who depend on their food, community kitchen, or church kitchen, or wherever they can do this as a means of preparing better food for the children.

For these types of sponsors, you need advance payments. Congresswoman Holtzman addressed that question. It is very different from the large scale sponsor. There, too, the question seems to me that the advance payment is essentially, even for a large sponsor, for administrative needs rather than for the entire payment.

When you are dealing with a very large sponsor, who is going to pay a vendor, any reputable sponsor is not going to pay them in advance, they are going to wait until those meals are served. You do not pay them a red cent until after the fact.

So I think that the problem that came up with the payments coming so late that it became impossible for anybody to deal with it, nobody was getting paid on time. This is one of the weaknesses. There are different questions that have to be addressed.

Advance payments to small sponsors are absolutely crucial. They cannot move without them. Advance payments to sponsors, for the funds that they cannot lay out for their own monitoring, and so forth, that is required, it absolutely should be there.

If the checks were available to the States, so they could pay it out on time, that would solve a big question in terms of the large scale vendors.

Chairman PERKINS. Are there other questions?

Let me thank you all for your appearance here this morning.

The subcommittee will now adjourn until 9:30 a.m. tomorrow morning.

[Whereupon, at 12:05 p.m., the subcommittee adjourned, to reconvene at 9:30 a.m., the following day, Thursday, March 24, 1977.]

[Letter submitted for inclusion in the record follows:]

LESTER L. WOLFF
8TH DISTRICT, NEW YORK

MEMBER:
COMMITTEE ON
INTERNATIONAL RELATIONS
CHAIRMAN:
SUBCOMMITTEE FUTURE FOREIGN
POLICY RESEARCH AND DEVELOPMENT
MEMBER:
SUBCOMMITTEE
INTERNATIONAL OPERATIONS

COMMITTEE ON
VETERANS' AFFAIRS
SUBCOMMITTEES:
HOSPITALS
EDUCATION AND TRAINING

Congress of the United States
House of Representatives
Washington, D.C. 20515

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1ST VICE CHAIRMAN N.Y. STATE
DEMOCRATIC DELEGATION

MEMBER:
BOARD OF VISITORS
U.S. MERCHANT MARINE ACADEMY

January 24, 1977

Chairman Carl D. Perkins
Subcommittee on Elementary, Secondary, and
 Vocational Education
B346C RHOB

Dear Mr. Chairman:

Enclosed is a letter expressing the sentiments of the Creedmoor Civic Associaton, Inc., which is located in the Congressional District which I represent.

I understand that you plan to hold hearings on the Breakfast Program which this letter discusses. With this in mind, I am forwarding this letter for your records.

With best wishes, I am

Sincerely,

Lester L. Wolff
Member of Congress

LLW:mkr
enc.

Creedmoor Civic Association, Inc.

Bellerose, Queens, N. Y.

Organized 1927
Incorporated 1938

242-29 90th Avenue
Bellerose Manor, N.Y. 11426
January 7, 1977

Hon. Jacob K. Javits, U.S. Senator
110 E. 45th Street
New York, N.Y. 10017

Dear Sen. Javits:

Our school board(Community Board #29)is in turmoil over the enactment of this wasteful Federal Child Nutrition Act. It is this Act which authorizes the Department of Agriculture to spend money for providing funds for a Breakfast Program in all schools in the country.

To add insult to injury, the State of New York has made participation in this mad giveaway mandatory.

Is it impertinent to ask where the Federal government comes off throwing away our tax money like this? Do you realize the disruption to our schools? We cannot take time from instruction and therefore this program must be run before classes are begun, but it is impossible to reschedule the buses for this purpose as not all students elect to take their breakfast at school. And since when is this so necessary? Are our children so neglected, so underfed and undernourished that millions must be spent on such a useless boondoggle? Our civic association is up in arms over this program. At least two school boards in Queens are now refusing to implement the program, law or no law. Most of the parents of the schools are also resisting this nonsense.

We really think we've had enough Federal meddling with our schools. Our kids are bused, brainwashed, and now force-fed. The U.S. Constitution does not provide for any involvement by the Federal government in education, and it is about time this illegal usurpation of power was stopped. We do not know how you voted on this particular bill, but would appreciate it if you would help to repeal it.

Sincerely,

James C. Trent

James A. Trent
President

cc: ✓Congressman Wolff
Sen. Moynihan
Community School Board #29

AFFILIATED WITH
EASTERN QUEENS CIVIC COUNCIL

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

THURSDAY, MARCH 24, 1977

House of Representatives,
Subcommittee on Elementary, Secondary
and Vocational Education
of the Committee on Education and Labor
Washington, D.C.

The subcommittee met, pursuant to notice at 9:40 a.m., in room 2261, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Miller, Mottl, Le Fante, Heftel, Kildee, Pressler, Goodling and Pursell.

Staff present: John F. Jennings, majority counsel; Charles Radcliffe, minority counsel; and Marian Wyman, special assistant to the chairman.

Chairman Perkins. The subcommittee will come to order.

I want to thank our witnesses this morning. Ms. Borland, of the Food Research and Action Center; Jodie Levin-Epstein of the Children's Foundation; and Vicki Katayama, project director, the California Nutrition Action Committee.

I want to compliment you on the great work you have done insofar as assisting the Congress in passing legislation that was absolutely essential for the general welfare of the school children—the pre-school children, and for the elderly in this country—you have made a great contribution.

I personally want to recognize the contribution you have made and thank you for the tremendous amount of effort, time, and perseverance that you have put into this pending legislation over a period of years. You have done a great service for your country.

I was reared in a rural community. It may be that sometimes we don't see eye to eye on some subject matters, but our objectives are always the same.

It will be a pleasure for me to continue to work with you in the future for the betterment of our food service programs of this Nation.

The entire panel will be headed by Lorelei Borland, of the Food Research and Action Center.

Without objection, your prepared statements will be inserted in the record, and you may proceed in any manner you want to proceed.

Let me say, at the outset, there have been many allegations made against this program.

I would like, certainly today, to have your views and your constructive recommendations toward improving this program. Please proceed, Ms. Borland.

Ms. **Borland.** Thank you, Mr. Chairman. I am Lorelei Borland. I am an attorney for the Food Research and Action Center, a public interest law firm, dealing with Federal food programs for many years.

I first became involved in the summer food program last summer when problems began arising with regard to advance funding situations in many States. We have contemplated a lawsuit to try and work some of the problems out.

I appreciate the opportunity to appear before the subcommittee to discuss, I think, this vital child nutrition program.

Appearing with me is Jodie Levin-Epstein, from the Childrens Foundation, and Vicki Katayama, from CNAC, from the California Nutrition Council in California.

We thought we would begin by Jodie addressing the new regulations and how they will affect the program this summer. I would then talk about the legislative changes that we would like to see and are important to the program.

Vicki will address what is happening, the good things happening to the program in California. All of us do have comments to make about the testimony of yesterday.

[The statement of Ms. Levin-Epstein follows:]

THE CHILDREN'S FOUNDATION
1028 Connecticut Ave. N.W. Suite 1112
Washington, D.C. 20036

(202) 296-4450

BARBARA BODE
President

COMMENTS ON THE 1977
SUMMER FOOD PROGRAM

Submitted by
Jodie Levin-Epstein
Project Director
Summer Food Program
Advocacy Project

March 24, 1977

THE CHILDREN'S FOUNDATION
1028 Connecticut Ave. N.W. Suite 1112
Washington, D.C. 20036

(202) 296-4450

BARBARA BODE
President

My name is Jodie Levin-Epstein and I am director of the Summer Food Program Advocacy Project of The Children's Foundation -- a non-profit, domestic, anti-hunger organization. Our job is to help non-profit groups develop and maintain viable child nutrition programs in local communities around the country.

Some summer food service programs in major metropolitan areas have been in the headlines lately -- millions of dollars have allegedly been "ripped-off". It is important to emphasize at the outset, that a large part of the responsibility lies with state level administrative mismanagement. Such abuses can be controlled.

It is, of course, the children who suffer the consequences -- in the form of poor quality meals, or official attitudes which discourage program expansion to other children.

Reputable sponsors and vendors are concerned about the bad publicity. At a recent meeting in New Jersey a number of program participants talked about strategies for getting the media to cover the good side of the program. Their objective was to get a message to Congress and USDA -- knee jerk regulations or legislation in reaction to the headlines must be avoided.

I would like to discuss the new federal regulations which effect this summer's program and then Lorelei Borland of FRAC will address our legislative concerns. Vicki Katayama of CNAC will then speak to these matters from the perspective of the state of California.

In brief, the summer food service program regulations for summer '77 deserve a compliment coupled with words of caution.

We are encouraged by the "tightening up" of approval and disapproval criteria for both sponsors and vendors. These guidelines to states, if used effectively, will help get rid of the unscrupulous vendor or sponsor and at the same time expand the program by focusing on groups committed to serving nutritious meals. New regulations such as bid opening monitoring, limitations on sponsor size, increasing the sponsor's monitoring requirement particularly in concentrated urban areas, and vendor bonding/registration/and monitoring will invariably improve program performance. However, the rip-off will continue unless, as one vendor quite bluntly told me, program officials "get down in the streets" and take stock of what is actually happening at sites.

Corruption in this program is visible -- it is all there in the quality of the food served to children. The worse the food, the higher the profits for a vendor or a vendor in collusion with some sponsor. How extensive has this problem been? Are all sponsors liable to fall prey? With enforced and strengthened regulations and active monitoring, there should be little if any rip-off in future years; at the same time, it is also interesting to note that according to a USDA report only 22% of all sponsors utilize a food service management company. More than 50% of all sponsors last year prepared their meals themselves. It is clear the problem should be a limited one.

To make certain that the children are not ripped off, to ensure they actually receive nutritious, wholesome meals, quality must be built into food service management contracts.

The Department has, for the first time, required that states develop standard vendor/sponsor contracts (USDA has circulated a model). As a tax payer, I was dismayed when I learned that a $170 million program was administered without as basic a management tool as a standard sponsor/vendor contract. Thi[illegible] there will be one.

The model USDA contract goes further than the federal regulations in defining the sponsor/vendor relationship. It requires vendors to pay for substitute meals if the sponsor decides the food which arrives on site is bad. Questions remain -- if the vendor disputes the sponsor's determination that the food is of poor quality who arbitrates and when? and how many and what kind of poor performances by a vendor legitimizes a sponsor's cancelling the contract? The USDA version also prohibits subcontracting of the entire meal or its assembly. This important provision could end the profits of cross-state vendors who get "cozy" and hide behind a local vendor's shingle.

It is up to the states to adopt the USDA prototype and add an appropriate degree of specificity for their own standard contract. We urge that this not happen in a vacuum -- sponsors and vendors should be consulted and a tight contract implemented.

The new regulations make a number of significant advances in promoting food quality. There is support for on-site food preparation, a requirement that bids be based on menu cycles, and a provision that requires states to assist sponsors so they may develop food specifications that will "ensure the purchase of quality food".

It is the food specifications which determine whether the child's lunch will be an all-beef frankfurter or an all-chicken one. Most sponsors are not nutritionists and consequently in past summers have put out for bid what USDA gave them -- minimum Type A meal patterns. Sponsors learned quite quickly that 2 oz. of protein could take a variety of shapes and the range of quality which meets USDA requirements is broad. Regulations leave it up to the sponsor to design a quality meal -- state technical assistance is welcome and essential.

The federal government, quite correctly does not promulgate federal food specifications and menu cycles. The regulations require sponsors to develop the food specifications with help from states. We urge, however, a greater FNS role -- the Department has the expertise and it should immediately issue materials to states which will help them work with sponsors in the selection of sound food specifications. Unless this occurs, sponsors will be forced to turn to their vendors to make up the food specifications or menu cycle. This is no solution.

In addition, FNS should encourage states to actively begin to locate and utilize local food and nutrition experts who will work with sponsors. Perhaps the greatest technical assistance USDA could offer states would be suggestions on how to train sponsors to design and monitor the food quality in their own program.

Vendor registration and state monitoring of vendors are two provisions which could markedly improve food service management company performance. States which register vendors should make it mean something — besides signifying the vendor has health certification, it should also identify vendors with a solid past track record and the plant and management capacity to serve the sponsor's program.

On the administrative side, a number of new regulations which are designed to improve program performance need to be carefully watched so they do not boomerang and actually hamper participation.

A good example is the rule which requires states to develop application deadlines. The dates have to be realistic otherwise sponsors will be handicapped by the requirement. For example, New Jersey's April 1 deadline for major sponsors gives these sponsors only three weeks to prepare and submit management plans and site forms for half their sites. Securing that information in such a short time is a near impossibility -- many have boards which only meet once a month. In Alabama, a March 1 mailing to potential sponsors required that by March 18th a formal request for the application be submitted to the state. If the request was not received by the state by last Friday, it will be extremely difficult if not impossible for an organization to become a sponsor.

While an application deadline is the right approach there must be flexibility when neat administrative boxes do not fit. The application deadline is a good tool only where adequate outreach is done by the state otherwise potential sponsors are hampered in their efforts to serve children. States may need to be reminded by USDA that the regulations extend the deadline when a sponsor applies to serve an area that otherwise would not be reached.

An extremely critical change in the regulations requires sponsors to request their advance payments each month. Advance payments enable sponsors, particularly smaller sponsors, to deal with otherwise enormous cash-flow problems. While we believe it is important that the state work with sponsors so that advance payment requests are not inflated, we are equally concerned that the advance payments be made. That will not happen unless states explain the monthly request mechanism and make it simple. Last year when some states arbitrarily decided they did not want to give out such funds, sponsors who needed the money were afraid to join other sponsors and take the issue into the courts. These sponsors, for whatever reasons, were concerned with state administrative reprisals. Clearly, federal monitoring of this state responsibility is essential.

The existence of a state appeals procedure for sponsors who have grievances with the state's decision on sponsorship, reimbursement, advance funding, size and other factors should help not only the sponsor but also the state. A third party resolves the dispute. While new to the summer program, an appeals procedure is fairly common practice -- proposed regulations for the WIC program require it, the food stamp and AFDC programs have had it for some time.

The regulations, however, require only that the state must establish and make known its procedure. To be effective there must be strict timelines -- the program is short and decisions must be expedited. USDA should give states technical assistance, alternative model procedures and timelines which they could implement.

Another administrative tool -- the priority criteria which help select between sites competing to serve the same children or areas already appears to be giving good sponsors a rough time (Section 225.4 (g)). In areas such as New York and Florida where school districts have expressed an interest in sponsoring the program, experienced sponsors with good track records may not be allowed to run this year.

The legislation calls for maximum utilization of school facilities whenever possible -- and this is a logical approach to available resources. At the same time the statute establishes summer food as an entitled program -- eligible sponsors are to be funded whenever they serve children not already reached. School sponsorship is being strongly promoted in a number of areas without consideration for the abilities of experienced sponsors.

We reject any efforts to supplant experienced proven sponsors. We do not feel the legislation or the regulations give schools or any institution an exclusive area to sponsor.

But that is just what is happening.

In New York the school board has proposed to open 131 schools as sites on the condition that no other sponsor serve in a 14 block radius. No consideration was given to the experience of good sponsors in those areas. Consequently, the state is being put up against the wall -- it either agrees to the 14 block exclusivity or the schools will not open their doors. As the Committee heard in testimony yesterday, some child and food advocates hope the school board will not sponsor the summer program in light of its dismal track record in the lunch program -- 45% of the meals served were deemed inadequate in a GAO study. The ironic twist is that it is the Department of Agriculture which has been pushing the school board to have a major role in New York City's summer program. The school board doesn't seem to really want the program -- it failed to show up at hearings held by Congresswoman Chisholm in New York City on Monday. Perhaps the questioning would have been too embarrassing.

In Florida, a number of school superintendents responded positively to the state's recent outreach efforts and intend to open their schools. But in Jacksonville, that means children who were served in their community last year will probably have to take buses to school sites.

That also means that former sponsors with past experience will be knocked out of the program. The state, after being contacted by a former

Jacksonville sponsor, has agreed that if pockets of children will not be served by school sites other sites may be used. However, the school board remains the sponsor. The Jacksonville sponsor last year served roughly 8,000 children in 50 sites -- many of which were located in housing projects. It is hard to imagine the school board effectively administering housing project programs.

The state of Florida is pointing to Section 225.4 (g) of the regulations which establishes criteria for selection between competing sponsors as the rationale for giving the program to schools. This represents a fundamental misunderstanding of the intent of the legislation and regulations. This provision of the regulations is designed to arbitrate in instances of competition, it was not created to give exclusive territories to one sponsor over another.

It would not surprise us if sponsors in New York and Florida who are denied sponsorship despite their past performance and sound track records -- and who find that there are children in need not being reached -- will force this issue into the courts. It should not be a hard case to justify.

We do not believe the summer food service is a program to subsidize schools. However, in the recent Scope report, officials at USDA recommended means to encourage schools to enter the program. The report suggests that "consideration might be given to allowing higher levels of per meal reimbursement and/or administrative costs to school sponsors or sponsors vended by schools." Is that the direction Congress wants to take?

We urge this Committee to take USDA to task and assure that experienced, good sponsors who serve needy children are assisted, not thwarted.

STATEMENT OF JODIE LEVIN-EPSTEIN, THE CHILDREN'S FOUNDATION

Ms. LEVIN-EPSTEIN. My name is Jodie Levin-Epstein. I am project director of the summer food program and advocacy project of the Children's Foundation, a nonprofit, domestic, antihunger, food rights organization. Our job is to help nonprofit groups to develop and maintain viable child nutrition programs in local communities around the country.

Some summer food service programs in major metropolitan areas have been in the headlines lately. As you mentioned, millions of dollars have allegedly been ripped off. It is important, however, to emphasize, at the outset, that a large part of the responsibility lies with State level administrative mismanagement. The delays in regulation issuance, the delays in technical assistance, such abuses can be controlled and will be through the new regulations if they are used effectively.

We are optimistic this program will work. It is, of course, the children who have suffered the consequences of past program abuses in the form of poor quality meals or official attitudes which discourage programs expanding to other children.

Reputable sponsors and vendors are concerned about the bad publicity. At a recent meeting in New Jersey, a number of program participants got together to talk about strategies, the ways to get the media to cover the good side of the program. Their objective was to get a message to Congress and USDA. Legislation in relation to the headlines must be avoided.

Mr. Chairman, the three of us sat here yesterday and we were upset by what we heard, as no doubt you were. Yes, we support the efforts of the committee to get a hold of the New York City situation and while we urge the Department to take an even stronger monitoring role of New York, we had the feeling that what was happening positively around the country, in other parts of the Nation, in other large cities and small towns, we had the feeling that that had been lost. What was good about the program had totally been missing.

Certainly, the GAO recommendations are, to us, shortsighted. Let me explain why. The GAO went into four cities to look at abuses already identified. They concluded that since the most serious program abuses were attributed to private sponsors and not public agencies, ergo, the program should be limited to schools and public agencies.

Such conclusions, we feel, fail to look at the evidence of the root causes.

First of all, the GAO noted that three-fourths of the program last year was with private, nonprofit organizations. Clearly, the odds have it with that kind of a ratio, private groups would have more opportunities, simply numberically, to fail in program performance.

Second: The statement yesterday failed to identify how much or which types of abuses investigated would have been prevented if States had had the choice of tools to better manage and if they had used those tools. We all know, too well, New York did not hire staff to run their massive program until weeks before it opened. $1.2 million in Federal funds were anticipated for administration in New York, and it wasn't until May that the State director hired staff to assist him. No doubt, that magnitude of past abuses is proportionate to how much effort the State attached to these problems.

With the same regulations and the same legislation, last year, New Jersey ran a successful program, and it shares a border and many of the headaches as New York City.

Finally, Mr. Chairman, the GAO failed to understand the nature of the problem. It looked at different types of institutions and decided which had fewer problems and recommended the program be given over to the latter, that is, the schools and public agencies.

We content that corruption, the major abuses, in this program are visible. It is all there in the quality of food served to the children. Poor quality food is an issue generally limited to food service management companies.

According to a USDA scope report, which, in fact, the GAO may not have seen before, only 22 percent of all sponsors utilize a food service management company, one out of five. One out of five sponsors are subject to this kind of a problem, this potential problem. The solution there is to focus on the problem area, food management, not to create a false hope that institutions, of themselves, are the answer.

In brief, as I look at the regulations and chat about them, I want to point out, we feel strongly these regulations do tighten up the program. We have concerns, however, that some of these regulations may, in fact, be misinterpreted.

I would like to briefly summarize some of these points. As I said, we are encouraged by the tightening up of approval and disapproval criteria for both sponsors and vendors. If the States use the guidelines effectively, unscrupulous vendors and sponsors will be weeded out and, at the same time, the program can begin to focus on groups committed to serving nutritious meals to children.

New regulations, such as bid opening monitoring, limitations on sponsor size, increasing the sponsor's monitoring requirement, particularly in concentrated urban areas, and vendor bonding registration and monitoring will invariably improve program performance.

However, the ripoff will continue unless, as one vendor quite bluntly told me, that other program officials get down into the streets and take stock of what is actually happening at sites. We are talking about effective monitoring at both the State and Federal level.

To make certain the children are not ripped off, to ensure they actually receive nutritious, wholesome meals, quality must be built into the food service management contracts.

The Department has, for the first time, required that States develop standard vendor-sponsor contracts. USDA has circulated a model. As a taxpayer, I, frankly, was dismayed when I learned that a $170 million program was administered without a basic management tool as a standard sponsor-vendor contract. However, this summer, there is a requirement for one. So, this summer, there is reason to expect the program will be a lot tighter and the kind of abuses we saw happening with contracts will not occur this summer.

The model USDA contract also goes further than the Federal regulations, themselves. It is up to the States to adopt the USDA prototype and put in their own specifications. Does it require vendors to pay for substitute meals if the sponsors decide the food which arrives onsite is bad? This has frequently been a problem for sponsors. They will have a meal show up and the apples or the bananas are all rotten, but the rest of the meal looks all right. What do they do, turn it back and serve the child a sandwich?

Chairman **PERKINS**. I will say, I am very much impressed with your testimony. I know that the States could do a much better job of monitoring than they have done in the past. We have got to get into it with both feet on the ground and take this thing seriously. I am wondering if there is a need for some amendments of the law. That is one thing we all want to thrash out together.

Ms. **LEVIN-EPSTEIN**. I just want to stress the regulatory improvements which should work this summer, because the summer is very critical, because it will, in fact, say a lot about what will happen in the future. We can't stress too much how important we find the contracts. It is really all there in the contract.

The USDA's model, which they circulated to States, prohibits subcontracting of the entire meal or its assembly. The States have the option to adopt this or not. We would urge all States to adopt this provision. That is in the USDA prototype.

The USDA has made a number of significant advances in promoting food quality. There is support for onsite food preparation, a requirement that bids be based on menu cycles, and a provision that requires States to assist sponsors so they may develop food specifications that will, "ensure the purchase of quality food." It is the food specifications which determine whether the child's lunch will be an all-beef frankfurther or an all-chicken one.

Sponsors are not nutritionists. They need help in developing food specifications so that what arrives for the child to eat is good food, basic food, not rotten food.

The Federal Government, quite correctly, does not promulgate food specifications and menu cycles. It is up to the States. We would urge FNS to take a greater role and that would be for FNS to give technical assistance to the State on developing food specifications and, furthermore, on how to train sponsors in looking at the food when it arrives onsite, and developing their own menu specifications. They don't know how to do this right now.

We think this can help a lot. They have had a lot of experience in the school lunch program in the States and if they are able to tap local expertise, this could help sponsors in developing good quality menus.

Vendor registration is another big improvement. That is introduced in the new regulations. It is not required. However, States have the option to register their vendors. We would urge all States to require vendor registration and, furthermore, to make vendor registration and, furthermore, to make vendor registration meaningful. All it means right now is you have to sign up with the State. We would like it to mean health certification; that you have been visited by the State, your plants and facilities; and, at the same time, that you are capable of you are producing the number of meals you say you can produce.

Also, that vendor also has the administrative capabilities to run the size program they are talking about. Just as sponsors have numerical limits on size, so too, vendors should have a limit on sites.

On the administrative side, in a number of improved areas—we have a lot of hesitation, however, in this respect—that a couple of the provisions may be misinterpreted. I will just run through those quickly. For instance, the application deadline, a new provision in the regulation, says that the State determines when sponsors must apply by. This is good. That is a nice administrative tool and we support it.

However, in Alabama, the application deadline was March 18th, last Friday. The regulations only came out March 1st and sponsors had to apply within that period of time, to notify the State they were going to be a sponsor. That, we feel, is not the intent of the regulations.

Another potential problem is advance payments. The new regulations require sponsors to apply for these advance payments each month. We understand why FNS and sponsors have to apply each month, it is to make administration run more smoothly.

However, we are concerned some States may not advise sponsors about the procedure nor will they make this procedure as simple as possible. Consequently, particularly smaller sponsors in the rural area and small towns, will not get these moneys which are essential to ease the cash flow problems that are enormous with the program which is why that provision is in there, in the first place.

Finally, a State appeals procedure is required in the legislation for the first time. We would like to see FNS assist States in looking at model kinds of appeals procedures needed to implement this. It is important that sponsors have a grievance procedure since States are given a lot more discretion. We support having States have discretion if it is coupled with a grievance procedure so if the State makes a mistake, the sponsor has a formal mechanism with which to make the complaint.

There is one administrative tool, however, we already see causing a tremendous problem—this was addressed yesterday—and we will see it in the next several months popping up all over, I am afraid. This administrative tool, introduced for the first time, is the priority criteria designed to help select between sponsors competing to serve the same children or areas.

It is giving us a rough time and the sponsors a rough time. For instance, both in New York and Florida, where school districts have expressed an interest in sponsoring the program, experienced sponsors, and I underline experienced sponsors, with good track records, may not be allowed to run this year.

This legislation, itself, calls for maximum utilization of school facilities wherever possible. This is a logical approach to available resources. At the same time, the statute establishes summer food as an entitled program—qualified, eligible sponsors are to be funded whenever they serve children not already reached. School sponsorship, however, is being strongly promoted in a number of areas without any consideration for the abilities of the experienced sponsors.

We reject any efforts to supplant experienced, proven sponsors. We do not feel the legislation or the regulations give schools, or any institution, an exclusive area to sponsor. But that is what is happening.

In New York, as you heard yesterday, the school board has proposed to serve the program with 131 sites. Those 131 sites, however, would have an exclusive jurisdiction of a 14-block radius. No other sponsors would be allowed in this area.

As the committee heard yesterday, some of the child and food advocates hope the school board would not, in fact, be a major sponsor in the program in light of its dismal track record in the lunch program—45 percent of the meals served were deemed inadequate in the GAO study.

The ironic twist is that it is the Department of Agriculture which has been pushing the school board to have a major role in New York City's summer program. The school board does not seem to really want the program. It failed to show up at hearings held by Congresswoman Chisholm on Monday.

What we would urge the committee to look at is what Ms. Steinberger, the new director, said yesterday, which is a consistent approach to all sponsors. She is proposing that new sponsors in New York City be limited to 50 sites. She proposed, in New Jersey, new sponsors would be limited to 12 sites. We think this is sound management. You limit new sponsors, you get them and they have experience before they expand. We think that philosophy should be applied to the school board, as well.

The situation in Florida is quite a bit different from that in New York. From the national point of view, New York has a lot of food advocates who are very concerned and very active in ways to research their case.

The situation is somewhat different in Florida. Mr. Hockenberry, the director of the program in Florida, sent out a memorandum indicating that schools were to be given exclusive jurisdiction throughout the State unless they refused to assume the sponsorship of the program.

In Jacksonville, that will mean that a sponsor that served programs in sub-housing projects will not be able to serve as a sponsor this year. She asked Mr. Hockenberry. She pressed his office. She said that there were children who were served in their community last year and will probably have to be bused to the school sites.

He said, well, if the schools will not bus these children, what they could possibly do is approve you as a school site. This is a public housing site. However, the school board will still be the sponsor, so you will have the school board managing public housing sites.

I can't see it working. I don't think anybody can imagine it really will work. The point is, this sponsor has past experience. She ran a good program for 7,000 or 8,000 kids in Florida last year. Other sites, which the school board also served, ended its program early and came under her sponsorship early in the summer, and wrote her letters telling her how much they felt her program was better than being under the school board. It would not surprise us if sponsors in New York and Florida, who are denied sponsorship despite their past performance and sound track records, who find that there are children in need not being reached, will force the issue into the courts. It should not be a hard case to justify.

We urge the committee to take USDA to task and assure that good sponsors are assisted and not thwarted, in meeting the program's objective, reaching children wherever they are.

Specifically, we ask this committee to write Ms. Steinberger and indicate support for her 50-site limitation. Also, to contact Mr. Hockenberry to find out what will happen to the children in his State who don't want to get on buses in the summer months.

Thank you, Mr. Chairman. I will be happy to answer any questions.

STATEMENT OF LORELEI BORLAND, FOOD RESEARCH AND ACTION CENTER

Ms. **Borland**. You mentioned earlier you are interested in legislative changes. As Jodie pointed out, we were here at the hearings yesterday and we were concerned about what we heard. It is important, in considering any legislative or regulatory changes, to keep the program in perspective. What we heard from the GAO and New York people was about abuses with major sponsors and abuses with vendors. We have heard about the problems with New York and it appears that the cures that are attempting to be developed be directed at stopping these problems.

We agree that the problems that occurred in New York must be cured. Nobody wants bad meals and everybody wants to see the children get fed. All States must take strong, corrective action to insure such sponsors do not handle the program and that such vendors are not allowed to reach the program.

USDA's own scope report last year shows that 77 percent of the sponsors ran under 10 sites. Three-quarters of the program were small sponsors running 1 to 10 sites. The number came out to over 1,700 sponsors running those types of sites; 294 sponsors operated 11 to 50 sites; 84 sponsors operated 51 to 100 sites; and only 44 sponsors ran over 100 sites.

This is a national program and we must keep that national perspective when we are thinking about legislation or regulations.

We do have some legislative recommendations to make. One of the important focuses of the Child Nutrition Act, Public Law 94–105, was the improvement and expansion of the summer food program for children to insure that every needy child obtains nutritious meals during the summer months when the national school lunch and breakfast programs are unavailable to them.

Public Law 94–105 made important and very necessary modifications. It expanded eligibility for sponsors to the inclusion of residential summer camps; the provision for advance funding, the provision for serving more than just lunches—sponsors can now serve breakfast, lunches, and suppers; and the provision of open-ended authorization.

But this is a new program, Mr. Chairman. The first year the program operated under the new law and under the regulations was last summer. To make it more important, the program got a very late start. The final regulations were out on March 5 and the final handbooks, guidelines and instructions for the USDA, and the State agencies didn't get it until much later.

Many of the abuses that have happened all across the country are directly related to the late start and the State not getting information in order to gear up and plan for an effective program.

As a result of those problems, last summer, USDA has promulgated new, good strong regulations, as Jodie has discussed. The question is, is there a need for the substantive legislation to improve the summer food program. We believe there is a need for legislation, but not now.

Not now, because there has been no real time to evaluate the program on a national basis. All of our attentions have been focused on what is happening in one State and one city. It is important to look at the program nationally.

This should not be an urban program, as GAO stated yesterday. There are millions of rural children who need to be fed and we need to look at how we can improve the program, to improve service to those children. This should not be just focused in the cities. We need to pay close attention to the actual program operations this year, under these new regulations, and to ascertain the extent of the problems and what legislative improvements can be made at that point.

If the Food and Nutrition Service and the State agencies do their jobs, if they monitor the program closer and enforce the new regulations, the end of the summer will bring a coherent picture of the future needs of the program, what we can do with the program, of what this committee wants to accomplish, and that is to feed all needy children quality meals.

Legislation should be on the floor in early September because there are some areas of the legislation that can be, and should be, strengthened. But first, give this program a chance.

As Jodie pointed out, legislation alone is not going to solve the problems. We have to look at it closely. For example, Jodie said the new regulations have a registration procedure for vendors wishing to participate. Only 22 percent of the vendors last year used a food service management company as a vendor. Before we take final action in our registration, we ought to see how it works; we ought to see what concerns the State has in implementing the registration procedure and how States do it.

There is an option. States may not do it. Maybe they should be forced to do it. Maybe there are other viable methods of controlling vendors, but let's look at the program.

We are concerned that legislation introduced now will have a negative impact on the program. If some State agencies and some State administrators do not want the program, we see it as a short-forum summer program, that is a hassle to administer.

If there is legislation now and they think there will be changes—"We will be cut back, or eligibility will be changed"—they will react this summer if the legislation is passed.

Chairman PERKINS. That is one of the problems we have been confronted with for the past 25 or more years. Some of the people in the Nation were not interested in school lunches and didn't think it was a part of the curriculum and they gave very little attention to it, and downgraded it.

We have had to fight that part of it all through the years in order to build some sentiment against those school administrators who had little interest for the welfare of the children or for the welfare of the school lunch program.

Ms. **Borland.** I am suggesting that the same thing will happen again. If, in fact, there is going to be legislation now, there are certain specific items we think are essential to be included.

The operation of the summer food program involves three levels of administration: The Food and Nutrition Service; Department of Agriculture State agencies; and sponsors. The food and nutrition sponsors, as the Federal agencies charged with administration of the program, have a very heavy responsibility. Judged by their performance last year, we believe this responsibility should be clearly delineated in any legislation and that legislation set forth guidelines and a framework for action.

One of the problems last year, as was brought up yesterday, was administrative expenses. The present statute has a fixed reimbursement sum given to a sponsor for administration expenses incurred in operating the program.

There has been a lot of questions raised about how these administrative expenses should be handled. Should it be a fixed sum? Is it enough? Is it too much? Does a fixed amount, regardless of program size, lead to abuse? Congresswoman Holtzman addresses this problem in part.

We believe that the Secretary should be directed to examine this issue closely in order to insure an efficient and effective summer food program. He should look at the operations, consider the staffing elements, the economies of staff, and other factors which relate to the reduction of administrative costs, the larger a program gets.

In order to insure there is a good summer program next summer, regardless of when legislation is enacted, they should be directed to do that immediately and be prepared to report back on his proposals, and any proposed changes for reimbursement, early in the fall.

There must be a final decision on reimbursement levels made no later than December so that States and sponsors can begin to plan for next summer's program.

The availability and level of startup funds must also be addressed. Under the current legislation, which was enacted in 1975, Congress wisely allowed the Secretary to determine a percentage of funds, not to exceed 10 percent, which would be available to sponsors 2 months prior to program operations.

These funds are important to sponsors of all sizes. They do not have the administrative funds to hire staff to plan meals, to find out who are the good sponsors, to look at the sites and to do the assessments which are so important to establishing sites.

The Secretary promulgated regulations which set the amount of startup funds at 1 percent of anticipated program funding. For many sponsors, this is too small. What was even worse, is that many States were given the discretion to use startup funds or not: 18 States, at a very rough count, did not use startup funds at all. It was absolutely refused.

We believe that any legislation should examine the level of startup funds which would be reasonable and fiscally manageable and the Secretary should establish that level, but that States must be required to provide this money. *It is unfair* that a sponsor in California can get the 1 percent and a sponsor in Nevada cannot because a State administrator does not want it.

The money must be available to all qualified sponsors. There must be guidelines, but there should be no discrimination, depending on the State agency running the program.

The current legislation responded to a GAO report by requiring that advance funding be made available to sponsors. These funds are crucial to many sponsors who do not have the capital to pay for salaries or food service.

Here again, there were problems. States were very late in making advance payments, claiming that funds from the Department of Agriculture had not been received. Although current regulations and the current statute require Federal funds to be transmitted to State agencies 1 month prior to the date payment is due to sponsors, there have been too many instances of delay—in California, I think the payments didn't come until 15 days before the advance payments were due.

States have the financial process to perform, which, in California, I know, takes 6 weeks. I was out there when the problem began. It is impossible for the State to make the payments available to the sponsor if they don't have the money.

There has to be something in the legislation which requires Federal payments to be transmitted to the State agencies about 45 days, or a reasonable amount of time, before the payment is due to the sponsor. That must be adhered to by the Department. It is in the statute and it was not adhered to.

They are required to make those payments to qualified, eligible sponsors and, therefore, there must be something in the legislation which makes that clear. That is not clear in the current legislation. Those payments must be made on time.

Under the current regulations, those payments are due on June 1, July 15, and August 15. Whatever date is selected—and we would like to see it go back to the old regulations of June, July and August, because the program is run on a monthly basis.

There must be controls. We do not want to see the abuses in the program. Congresswoman Holtzman suggested in her legislation a maximum limit of advance payment, and 50 may be a good percentage.

Mr. Chairman and members of the committee, $10,000 is not enough. We did not know, there are no figures to support a $10,000 funding limit at this point.

Another reason for looking at the program is to look at what sponsors use the advance funding for and what is an appropriate level to ensure good, qualified sponsors get this and unscrupulous sponsors do not. We can have some fiscal control. Maybe the limit ought to be $50,000; maybe it ought to be $25,000. We ought to look at the program. We cannot pick up an arbitrary figure. I think it must be looked at and evaluated. We have no figure to give this committee.

Any new—and this is crucial—legislation must provide standards for State agency and FNS action. One of the most important aspects of ensuring a good program is effective monitoring of State agency action by the USDA.

There is one tool USDA has and that is effective monitoring of State agency operation. To assist the Department in fulfilling this crucial role, FNS must be made aware of State agency plans for conducting the program. Current regulations require State agencies to submit a management and administration plan for the operation of the summer food program each year. That plan is due, under the current regulations, at USDA by February 15th of each year. Most of those plans are not yet in. Again, FNS must be made aware of the State agency plans so they can take any action and to get in early to cure program abuses.

We urge that the requirements for those plans be strengthened by statute so that FNS can work closer with agencies to improve the program.

State agencies must be required to provide their timetable and methodology for specific actions to ensure that all needy children have access to the program. They should be required to provide their methodology for assessing need; their plans for informing potential sponsors of the availability of the program; and their timetable and plans for providing technical assistance and for ensuring the fiscal integrity of the program through a monitoring process.

The plan should also include the State agency standards for approval of sponsors. I would like to reiterate, Mr. Chairman and members of the committee, that in order to reduce rip-offs and in order to ensure effective program criteria for the selection of sponsors must be based on experience and not on institutional qualifications. That is not the answer.

The plan should also contain the State agency standards for approval of sponsors, registration of vendors, procedures for calculating and disbursing start-up and advance funds, the State plans for corrective action against sponsors and vendors out of compliance with the requirements. The plan should also contain the details of the State grievance procedure; the methodology where the sponsor can protest failure to approve or failure to grant funds.

We would also hope that the State plan would encourage the use of self-prepared meals and delineate the types of technical assistance that the State agency will provide to the sponsors who are using self-preparation and onsite preparation.

A detailed plan, which has these factors in it, will assist State agencies in the planning process and will alert FNS to problem areas in particular States in sufficient time to work with the States toward improving program planning and operation, and in such a way FNS will be able to monitor State programs and we will be able to see State agencies are fulfilling their responsibilities; that there are specific actions the States plan to take against offending sponors and vendors to ensure most all needy children are being reached.

Without such a detailed plan, we feel it is almost impossible for FNS to administer the program in a responsible manner.

The current legislation urges State agencies to utilize school food service facilities to the maximum extent practical. We agree. We also would hope this committee would encourage self-prepared meals and onsite preparation as a means towards improvement in the quality of meals.

Community groups, with no meal preparation facilities, can utilize school food facilities to self-prepare meals and thereby reduce reliance on catered meals supplied by vendors and potential abuses created by such a program.

Emphasis on quality meals and technical assistance by FNS and State agencies, required to be provided under the legislation, would also reduce vendors abuse by requiring vendors to submit bid specifications which would be unable to inflate the cost.

[The statement of Ms. Borland follows:]

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Statement of Lorelei Joy Borland

before House Sub-Committee on Elementary, Secondary and
Vocational Education

on the Summer Food Program for Children

March 24, 1977

Mr. Chairman and Members of the Subcommittee:

My name is Lorelei Borland. I am a staff attorney with the Food Research and Action Center. FRAC is a non-profit public interest law firm which works to improve the operation and administration of all federal food programs. I first became involved with the Summer Food Program last summer, when we were contemplating a lawsuit on problems relating to advance funding, and I have been active in the area ever since. I appreciate the opportunity to appear before the Subcommittee today to discuss this important child nutrition program.

The enactment of P.L. 94-105 in October, 1975, underscored the importance placed by Congress on the child nutrition programs. An important part of the emphasis was directed toward improving and expanding the Summer Food Program for children to ensure that every needy child had the opportunity to receive nutritious meals during the summer months, when the National School Lunch and Breakfast Programs are unavailable to them. Many important and needed modifications were made in the Program: expanded eligibility for sponsors; including residential summer camps; advance funding; provision for serving breakfasts, lunches, suppers and supplements, and open-ended funding. Last summer was the first time the Program operated under the new law, and there was a substantial number of needy children served. But the program got a late start -- final regulations were published on March 5, and the Department, state agencies and sponsors were faced with administering a new program. There were some problems. USDA, in response to these problems, has promulgated new regulations for this summer -- regulations which respond to and offer solutions for the questions raised in last year's operation.

Mr. Chairman, you have introduced a bill to extend the authorization for the Summer Food Program, a program vitally important to provide nutrition to low-income children during the summer months. The question remains, then, is there a need for substantive legislation to improve the Summer Food Program? Our answer is Yes -- but not now.

Not now, because there has been no time to evaluate this very young program. For all intents and purposes, the program is new -- only one summer of operation under the improved legislation has elapsed. The new regulations are responsive to problems of last year. We need time to look at the Program operation this summer -- see the impact of the new regulations in minimizing abuses and improving Program operation. We need to pay close attention to the actual Program operation this year -- under these new regulations -- and to ascertain the extent of the problems and what legislative improvements can be made. _If_ the Food and Nutrition Service, and the state agencies, do their jobs -- anticipate questionable procedures, monitor the Program closely, and enforce the new regulations -- the end of the summer will bring a coherent picture of the future needs of the Program. Congress will have a rational, well-documented analysis of the National Program and can begin immediately to draft and implement a bill in sufficient time to ensure a smooth summer in 1978.

Legislation should be on the floor in early September, because there are some areas of the legislation that can and should be strengthened -- when the returns are in from this summer, not now, before the Program has had a chance to prove itself under the current good legislation and regulations.

For example, the new regulations permit state agencies to require a registration procedure for vendors wishing to participate in the Program. The experience of state agencies in implementing this procedure, and its impact on minimizing potential abuses in this area, should be reviewed before legislative changes are made.

Legislation introduced now may have a severe negative impact on the Program. We will be running the risk of the introduction of amendments -- in response to the hysteria generated by Programs in a very few areas last summer -- which would destroy the praiseworthy intent of Congressman Perkins' current legislation. And, even though legislation would not affect the Program until the summer of 1978, many state agencies may well react negatively to the Program this summer in anticipation of changes wrought by those amendments.

If, however, it is deemed essential to introduce legislation now, rather than waiting for a thorough evaluation of this summer's Program, this Subcommittee must be in the forefront of ensuring that any changes made increase the effectiveness and impact of the Program, and that the important goal of the legislation is maintained and furthered -- that of providing needy children nutritious meals during the summer months.

I would like to address now the areas that this Subcommittee should consider before enacting any new legislation.

The operation of the Summer Food Program involves three levels of administration: the Food and Nutrition Service, state agencies, and sponsors. As the federal agency charged with national administration of the Program, the Food and Nutrition Service has a heavy responsibility. We believe it would be useful to delineate this responsibility more clearly in the Act, and to set forth guidelines and a framework for action.

The present statute sets forth a fixed sum of money for reimbursement to a sponsor of administrative expenses incurred in operating the Program. Questions have been raised about this fixed sum -- is it enough? Is it too much? Does the fixed amount regardless of Program size lead to abuse by unscrupulous or naive sponsors? Is the answer to administrative costs a reimbursement level based upon size of the sponsor's Program? Should there be staffing requirements on which reimbursement is based? These questions need to be answered. Regardless of when the Subcommittee decides that legislation is needed, the Scretary should be directed to examine this issue closely this summer. In order to ensure an efficient and effective Summer Food Program, he should be prepared to submit the results of his study, and any proposed changes in reimbursement levels early in the Fall. A final decision on reimbursement levels must be made no later than December 1, so that states and sponsors can begin to take action for next summer's Program.

The availability and level of start-up funding must also be addressed. Under the current legislation, Congress wisely allowed the Secretary to determine a percentage of funds, not to exceed 10%, to be made available to sponsors two months prior to Program operation. These funds are important in assisting sponsors to begin development of their Program early, and lead to a well-planned, effective summer operation. Unfortunately, problems developed. First, the Secretary promulgated regulations which set the amount of start-up funds at 1% of Program funding. For many community sponsors, planning to conduct fairly small but needed Programs, this amount is insufficient to contribute anything to an effective planning process. More important, the Secretary gave the State agencies discretion as to whether or not to provide start-up funds at all -- and many states (by rough count, at least 18) refused to provide this administrative tool at all. Thus, any new legislation should take these factors into consideration.

Perhaps a 1-2% minimum level should be established, and state agencies required to make these funds available to all qualified sponsors who request them. Based upon a Program value of $50,000, payment of start-up funds at 2% of Program value would enable a sponsor to utilize $1,000 to hire staff two months before the feeding program starts. This time would assist sponsors in taking early action to develop an effective Program. Of course, these start-up funds would be deducted from future Program payments.

The current legislation responded to a GAO report by requiring that advance funding also be made available to sponsors. These funds are crucial to many community sponsors, who do not have the capital to pay for salaries or food service, and must wait for reimbursement claims to be paid -- a wait of one to four or more months. Here, again, there have been problems. States have been very late in making advance payments, claiming that funds from the Department have not been received. Although the current regulations require federal funds to be transmitted to state agencies one month prior to the date payment is due to sponsors, there have been too many instances of delay -- and too many states have their own lengthy financial processing to perform. Thus, we recommend that federal payments be transmitted to the state agencies 45 days prior to the date payment is due to a sponsor.

State agencies have major responsibilities with regard to advance funding. First, they must inform sponsors of the availability of such funds. Second, they must ensure that payments are made on time. Under the current Act and legislative history, payments are due to sponsors on the first of June, July and August. Last summer's operation raised some questions about this procedure -- and the ability of the state agency to respond to changes in program size and value. Current regulations alter these payment dates to June 1, July 15 and August 15, to enable the states to be more responsive to these changes. We recommend including these regulatory changes in any new legislation. Thus, as in the current legislation, there would be a section related to the payment of funds by the Department to state agencies, with the altered dates suggested earlier. And, there would be a new section, directing state agencies to make payments to eligible sponsors by the dates specified. Of course, once a sponsor is determined eligible, it should be unnecessary to make a request for such funds every month. Good state monitoring will ensure proper payment levels. These latter sections are important, and will ensure that state agencies are aware of their responsibilities in this area.

Any new legislation must set forth time lines and a framework for action by the Food and Nutrition Service and by state agencies. The current legislation requires the Secretary to promulgate final regulations and written materials by March 1 of each year. This date leaves too little time for state agency action and outreach. We would recommend that any new legislation require the Secretary to publish its proposed and final regulations one month earlier than currently set forth -- December 1 and February 1, and to publish its guidelines and handbooks for sponsors by March 1, as is presently provided for. This one month additional lead-time will enable state agencies to mesh any new regulations early in their planning and outreach processes -- and will permit sponsors to develop strong Programs because of the availability of technical assistance from the states.

One of the most important aspects of ensuring a good Program is effective monitoring of state agency operation by USDA. To assist the Department in fulfilling this crucial role, FNS must be made aware of state agency plans for conducting the Program. Current regulations require state agencies to submit a management and administration plan for the operation of the Summer Food Program each year. We urge that the requirements for these plans be strengthened by legislation to ensure that FNS can work closely with state agencies in improving the Program. Thus, we suggest that the legislation require the submission of such a plan and that the components of the plan be clearly set forth. State agencies should be required to provide: their timetable and methodology for specific actions to ensure that all needy children have access to the Program; their methodology for assessing need; their plans for informing potential sponsors of the availability of the Program; and their timetable and plans for providing technical assistance and for ensuring the fiscal integrity of the Program through the monitoring process. The plan should also contain the state agency standards for approval of sponsors, registration of vendors, procedures for calculating and disbursing start-up and advance funds, methodology for corrective action against sponsors and vendors out of compliance with the requirements, and the details of the state's grievance procedure. We would also hope that the state plan would contain the actions the state plans to take to encourage the use of self-prepared meals, on-site preparation and use of school food service facilities.

A detailed plan, including these factors, will assist state agencies in the planning process, and will alert FNS to problem areas in particular states in sufficient time to work with the states toward improving Program planning and operation. A management and administration plan containing these elements will ensure that state agencies are fulfilling their responsibilities, that appropriate actions will be taken against offending sponsors and vendors, that sponsors will have a method of redress in case of disputes concerning approval, disapproval, or payment of funds, and most important, that all needy children in the state are being fed. Without such a detailed plan, it is next to impossible for FNS to administer the Program in a responsible manner.

Mr. Chairman, the current legislation urges state agencies to utilize school food service facilities to the maximum extent practicable. We hope that this Subcommittee recognizes the importance of self-prepared meals and on-site preparation of meals as well, and will encourage the development of such Programs. Such encouragement is, indeed, in furtherance of the current emphasis on school food services. Community groups, with no meal preparation facilities, can utilize school food facilities to self-prepare meals, and reduce reliance upon catered meals supplies by vendors, and the potential abuses created by such Programs. USDA's report on the scope of last year's Program showed that 53% of the sponsors utilized self-preparation. Such progress should be given continued emphasis. Self-prepared meals and on-site preparation of meals lead to more nutritious food and less waste, and therefore a better Program.

For all sponsors -- those which self-prepare meals, and those who find it necessary to contract with vendors -- FNS and state agencies should provide technical assistance and should develop meal specifications directed toward improving the quality of the meals provided. Development of quality specifications will also minimize abuses in the vendor bidding process -- by requiring vendors to submit bids based upon clear and precise quality specifications. Enormous vendor profits will be drastically reduced -- if not eliminated -- and children will receive far better and tastier meals -- again, minimizing waste.

The state plan components previously discussed require the states to set forth their plans for requiring registration of vendors. We feel that this is an important aspect of controlling and reducing abuses in this area. Vendors wishing to participate in the Program should be required to register with the state agency and to fully disclose their corporate identity, their past history with the Program, and other areas where they may be operating. Utilizing the registration process, state agencies will be able to inform sponsors about the vendor's track record in the Program, and will be able to exercise a degree of control over the vendor-sponsor bidding process -- an area which is of major concern.

We stress again the importance of a thorough evaluation of the Summer Food Program under the new regulations this summer before enacting new legislation in this area. We recommend that legislation be introduced and enacted in early Fall. We believe that inclusion of the recommendations I have discussed is essential in any legislative effort to strengthen and tighten the Program, thereby curtailing abuse -- and renewing and furthering the important Congressional commitment to ensure that nutritionally vulnerable children have access to an adequate diet during the summer months.

Chairman **Perkins**. I am going to interrupt you for a moment. Ms. Borland, it was suggested that we take no action now. I must tell you that action is absolutely essential because we cannot wait until September before we write new legislation for this program.

Our problem is that the Congressional Budget Act requires our committee to report to the House by May 15th any bill extending a program which expires at the end of the fiscal year 1977.

As you know, this summer program expires on September 30, 1977, so we have to report a bill before May 15th. That is the reason I am suggesting to you that we work together and try to work out the best possible bill that can take care of some of the attacks on this program.

You recommend that we strengthen the provisions regarding advance payments in order to assume that local sponsors receive these advance payments earlier and in higher amounts. How do you react to the GAO's testimony yesterday that we reduce these advance payments and give States more discretion to withhold payments?

GAO recommended this because it found, once you pay the sponsor you cannot get the money back even if they ran a poor program. What is your response to that?

Ms. **Borland**. I didn't recommend increasing the amount of advance funds. In fact, I agreed with Congresswoman Holtzman that perhaps a lower percentage ought to be imposed. She had suggested in her bill 50 percent as opposed to the 65 percent which is in the current legislation. But I did suggest her maximum limit is too low and we ought to evaluate what a maximum limit ought to be.

I think I talked in terms of minimum limits about the startup funds, which is set at 1 percent. I don't believe I recommended a higher level.

Chairman **Perkins**. Am I correct that both Mrs. Holtzman and the GAO recommended that we separate State and local administrative funds from meal funds? Presently, the State and local sponsors receive a certain amount of administrative funds based on the number of meals served. Do you agree with the GAO?

Ms. **Borland**. I agree with Congresswoman Holtzman, that that might be a catch-22, that there should not be a direct tie and the Secretary should study it. There may be a level at which things do become cheaper because the economy is stale. There should be an evaluation made.

I would point out, Mrs. Goldman's testimony yesterday, and the book she submitted, has in the back of the book a formula for arriving at a fair evaluation of what the administrative costs should be that are not tied to the per-meal served. We agree that is the fact——

Chairman **Perkins**. Before I leave, I want to compliment you all. We are not short-changing you. Mr. Miller will be chairing now. If, for any reason, he has to leave, one of the other gentlemen will step in.

Mr. **Miller** (presiding). We are not short-changing you, but the House is going to go in session at 11 o'clock, which is in a half-hour. If there is no objection, we will make your statements a part of the record in order to allow the members to ask questions because I think you have raised some pertinent points in your testimony that we are going to have to deal with.

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I personally tend to agree with you that rushed judgment on our part could make things worse this summer than they might be, but if we want to do anything for next summer, we have to get moving. It doesn't mean we can't have a thoughtful piece of legislation over that period, but we have to get it to the House floor at some point.

I think, by responding to questions from members of the committee, it might give them some feeling of what we have on our hands.

Mr. HEFTEL. Or we won't have any.

Mr. MILLER. Why don't you take a few minutes.

Ms. KATAYAMA. I will summarize.

Mr. MILLER. Please do that, Vicky. I am worried we are going to lose members.

[The statement of Ms. Katayama follows:]

Testimony of
Vicky Katayama, Project Director
California Nutrition Action Committee
before the
Subcommittee on Elementary, Secondary and Vocational Education
Committee on Education and Labor
House of Represenatives

March 24, 1977

Mr. Chairman and Members of the Committee:

I would like to thank you for this opportunity to talk with you today. I am Vicky Katayama, Project Director of the California Nutrition Action Committee located in Oakland, California. It will be my purpose today to present to the members of this committee information as well as personal observations concerning the operation of the Summer Food Service Program for Children (SFP) as it exists in California. I work year-round providing information and assistance to sponsors and potential sponsors of the SFP throughout California. I have visited several SFP sites within California. Because of this involvement, I am constantly receiving feedback about the program from various sponsors. Therefore, I am here to speak for those sponsors reapplying for the program, for those yet unaware potential sponsors and foremost for the children of California who may benefit from this program.

The Need For More Intensive Outreach Efforts

Under the sponsorship of the SFP, California served approximately 400,000 children during the summer of 1976. This figure represents 22% of all children eligible for the program. Out of the 58 counties in California, 32 counties benefited from this program. Altogether, there existed 171 sponsoring organizations throughout California. Nineteen percent of those sponsors were school districts. The other 81%

included various community agencies such as churches, city and county Parks and Recreation Departments, day and night camps, Community Action Programs, Universities and various other youth oriented agencies.

It seems apparent that the SFP must be responsive to a wide range of organizations if it is to succeed in its goal of providing meals to needy children. However, neither USDA or the state seem to be concerned with an intensive outreach effort aimed at informing community organizations of the availability of the SFP. Repeatedly, I have discovered that one of the main reasons eligible children are not benefiting from the SFP is the lack of outreach efforts at state and federal levels. Simply, many community agencies are not aware of their potential sponsorship of the SFP. For example, Lake and Kern counties, two of California's poorest counties, did not take advantage of the SFP last summer. However, this year children from both counties will participate in the program due to outreach efforts directed towards community organizations within these two counties by two advocacy groups CNAC and CRLA, Food Law Center. Such an intensive outreach effort is a prerequisite to fulfill the goals as outlined by the SFP legislation.

A concerted effort between such advocate groups and the state can provide an effective means of outreach. Some methods we have found to be effective in informing communities on a statewide basis include the following:

A. statewide media coverage (television, radio, newspapers)

B. prepare an analysis of the number of needy children in each county of the state to ascertain the counties of highest priority.

C. provide a step-by-step organizing guide to be used by communities in setting up a SFP. This method has been extremely successful as evidenced by requests for the booklet from all over the United States.

D. hold special workshops for targeted low-income areas in the state

E. working in conjunction with Food Stamp and Welfare Offices to notify parents of eligible children as to the locations of community sites in their area

Additional efforts of outreach can include the following:

A. Hire a full time outreach coordinator. If a year-round position is unrealistic, the period from Jan - July should be emphasized.

B. Work through the school districts to send notices home to parents concerning the availability of the SFP in their area.

Trend Towards Schools as Sponsors of the SFP

One of the major concerns voiced by past and potential non-school community based sponsors is that the SFP regulations make it difficult for them to facilitate their sponsorship of the program. Indeed, the present set of regulations discourages non-school agencies from sponsoring the SFP in favor of school districts. Some of the complaints that have been expressed by some of the community sponsors that illustrates this trend towards schools and away from community based sponsorship include the following:

1. schools are put before public or private, non-profit organizations on the priority system designed by USDA to handle competing sponsors.

2. applications are becoming more and more complicated in order to comply with the new regulations. However, schools are more familiar with complicated, lengthy forms.

3. commodities, in California, are limited to school, sponsors who use schools and sponsors who prepare meals on-site. Excluding sponsors who prepare meals in a central kitchen and deliver to their own sites, as many schools do. Therefore, the schools can prepare a better quality meal for less cost than other sponsors who cook their own food.

4. Small sponsors often have a cash flow problem, whereas schools usually don't. Therefore, changing the date at which advance funds are available from July and August 1st to the 15th causes additional problems for small sponsors.

5. some schools won't run the program themselves and/or won't allow private sponsors to utilize their equipment. One sponsor in the Bay Area was even denied the use of food trays.

One repeated arguments is that the schools should operate the SFP because the federal government has invested a large sum of money in equipment. A more realistic issue that should be considered is whether or not all eligible children are reached through the schools during the summer. If not, then the intent of the program as defined in the legislation is defeated. In some ways the new regulations design the SFP to fail.

This trend towards schools as SFP sponsors seems ironic for the following three reasons:

1. as stated before, only 19% of the sponsors within California during the summer of 1976 were school districts

2. the state of California has been notifying the schools for years as to the availability of the SFP. However, only 33 out of 859 (or less than 4%) of the school districts in California responded. It is obvious that the majority of school districts do not want the SFP. There are many reasons given by school districts for not wanting the program: they could not operate the program without going into debt, they would have to hire civil service employees and couldn't afford to do so with the administrative costs provided by the program, there aren't any poor children in their area or it is not the job of of the school to feed the children. (This last point is felt so strongly in some areas of California that a group of school districts is presently working on reversing a mandatory meals act passed by the California legislature in 1975.

3. Many school-aged children eligible for the SFP are at independent community agencies away from schools.

In conclusion, if the SFP is to reach out to all eligible children, the needs and complaints from these non-school community agencies must be taken into consideration when reconsidering the regulations that serve as guidelines to the sponsorship of the program.

State Administration of the SFP

The state of California, Bureau of Child Nutrition Services, has made some vast improvements in the administration of the SFP thus far this year. The state has hired 6 year-round staff members; has already offered 8 workshops; has 27 more workshops scheduled, two of which are for caterers; has developed their own handbooks to be distributed to sponsors; and is in the process of setting up two new offices, one in L.A. and one in Oakland. In addition, the state held its first workshop in the month of Feb. as contrasted to May in 1976. Also, unlike in 1976, this year the federal regs. were available to the public on time. Considering that California presently is only in its second year of operation of the SFP under the present legislation, the major steps they have taken thus far has created an optimism that additional improvements will continue to be made under the present legislation.

However, the administration of the SFP at the state level is not without problems and inconsistencies, a fact that contributes to a feeling of uncertainty among some sponsors. Many sponsors have not received their promised applications yet due to a delay at the printers. Some are concerned about how timely advance funds and reimbursements will be administered due to comments by the state that they are still unsure themselves. The applications and bookkeeping are more complicated and lengthy this summer. There is no guarantee about how consistant information will be from Sacramento personnel to local state represenatives since last year it was often inconsistent. A common complaint is that the state imposes deadlines but doesn't seem to keep their own.

Sponsor Advisory Council

The concern about how the program is administered,as enumerated in the previous section, has become so great in California that sponsors from all over California (schools and other organizations) have come together to form an advisory council to the state and federal governments. Their main concern is that they have input into how the state and federal governments administer the program. They are concerned that the state establish policies concerning administerative procedures in order for them to receive consistant information from all personnel they work with from the state. In the past, they have often received conflicting information. They are concerned that they receive their applications, bookkeeping materials, advance funds and reimbursements on time. As an added factor, they act as a sounding board to each other's ideas and problems. Attached to this testimony is a copy of the resolution written by the California SFP Advisory Council which has been given to both the state and USDA. Represenatives of this advisory council have an appointment with the state to discuss this resolution in the near future.

Conclusion

We are all familiar with stories of fraud or possible fraud of a few sponsors of the SFP. Perhaps the best way to guarantee that the program be run more honestly and effectively is to have the proper assistance from the state and federal governments be made available. Early assistance, screening and regular monitoring by the state and USDA can contribute to more efficiency.

Although it is important to weed out sponsors that abuse the program, it is equally as important to escalate efforts to inform all eligible communities of the availability of the program. Since the feeding of needy children is the prime objective of our concern today, legislation and regulations created for that purpose must take into. consideration the needs of a wide range of community settings that are instrumental in serving the children.

SFP Sponsor Advisory Council Resolution

Below is the Resolution submitted by the SFP Sponsor Advisory Council to the State Department of Education, Bureau of Child Nutrition Services and to the USDA Regional Office. The resolution is the first formal recognition given to the Advisory Council (sent March 16, 1977).

Be it hereby resolved that:

The Summer Food Program Sponsor Advisory Council reqests SDE/BCNS join with us in facilitating better communication between SFP sponsors and SDE to better operate the Summer Food Program, and further that . . . .

(1) SDE officially acknowledge this advisory Council as the representative for California SFP sponsors

(2)SDE include this advisory Council in policy meetings that affect SFP.

(3) SDE develop and utilize written policy statements by the SFP administrators for use by SFP staff and sponsors.

STATEMENT OF VICKY KATAYAMA, PROJECT DIRECTOR, CALIFORNIA NUTRITION ACTION COMMITTEE

Ms. KATAYAMA. I want to say in the beginning that I am Vicky Katayama, project director, the California Nutrition Action Committee. I work on a day-to-day basis with sponsors and potential sponsors of this program, responsible to the State and the USDA.

I worked in California with the program last year and saw many good things happening, such as children being fed, with private sponsors throughout California, that are doing a darned good job. They are feeding children meals that wouldn't receive meals if it was left up to the school.

The three major points I have are: There is a need for more extensive outreach efforts in this program because it is an urban program. at this time. We are not reaching the rural children. The trend towards the schools is evident in California, as well as throughout the rest of the United States. As Jodie said, there are many good private sponsors who have operated 3 years or more who deserve to continue operating the summer food program.

Then, the State of California is a large State, and it does have a good summer program operation set up for this year. I think that with a good administration, the program can run private schools, public schools, and all types of sponsors.

I would like to see in the legislation a more defined outreach requirement. I have highlighted certain things in my testimony which could be listed in the law.

Also, I would like to see clarification of the regulations from the national level to the State, and assist the States in administering the program. California has expressed that——

Mr. MILLER. Mr. Le Fante?

Mr. HEFTEL. If the gentleman would yield?

Mr. LE FANTE. I yield to my colleague.

Mr. HEFTEL. Unfortunately, I have to leave and I would quickly like to say a couple of things. The director of our school lunch program in Hawaii is very optimistic and very enthusiastic. The program is quite successful, but it is sponsored by the public schools.

It does not have a for-profit exploitation of a program hastily put into existence without the controls and thought that obviously could have gone into it.

You have a situation in which New York City, New Jersey, and Philadelphia are over 50 percent programed. They are classic examples of what is threatening Federal participation in any of these programs employing a single vendor with $1 million profit for 10 weeks. Which, of course, is tantamount to some kind of criminal negligence on the part of the Government, who would theoretically control that sort of thing.

I only would like to leave this thought, Mr. Chairman, that we can't afford to put into law programs that we don't control properly. We can't allow for-profit participation in programs in which there should be no profit.

If we can't do it without the profit participation, then I don't think we can afford to fund these kinds of programs. That is my very serious concern, whether people have effectively done it for profit or not. You can't run this risk when you must deal with the kinds of traditional rip-offs of these types in urban centers, in States that have the problems of New York, New Jersey, Philadelphia, as examples.

It is a shame this occurs, but it does, and it threatens the continuation of major programs. These are examples as to the reason why Congress would vote down programs otherwise needed. I don't know what your reactions are, but I would be interested.

Ms. **Borland.** We agree there is no room for people running this program for profit. Those sponsors and vendors who are making money on this, as was testified to yesterday, must be gotten out of the program. I suggested a very tight vendor registration thing.

That kind of legislation is necessary but it is important, also, to realize that does not apply to the 53 percent of the program who do not use a vendor and the 77 percent of the sponsors who are very small, non-rip-off types, and are good, strong sponsors.

The legislation must take both of these things into account and there must be stronger legislation. But you do not want to react to what is happening in New York to the detriment of the rest of the country.

Mr. **Heftel.** When you have a program where virtually half is centered in that kind of a population center, with the lack of control and responsibility, you can't go forward and say, half of it is good; therefore, we will tolerate the half that is bad. You have to either cut the bad half out or remove the program.

Ms. **Borland.** One of the basic problems with the best legislation and with the best regulation, what happened in New York happened because FNS didn't do their job and the State agencies didn't do their job.

Mr. **Heftel.** Then, you can't afford to give New York City participation in any kind of a program.

Ms. **Borland.** You have to order USDA to look at what is happening in the State and to keep their eye on it. They cannot walk away from it. It is their prime responsibility.

Mr. **Heftel.** My concern is that I see the Congress voting down these types of programs because of proven exploitation in incredible sums of money. Without that recognition, those programs are just going to be disbanded.

Mr. **Goodling.** Would you yield a moment?

Mr. **Heftel.** I yield to my colleague.

Mr. **Goodling.** I think what you are talking about is brought out in this compilation, the National School Lunch Act, on page 13. I think one of the problems why they couldn't do it is, "Any eligible service institution shall receive the summer food program upon its request."

That would mean, to me, I guess, no matter who they are, they shall receive funding. I think that would make it very difficult for them.

Mr. **Heftel.** There is a great responsibility to not have to defend good programs because people exploit them, in a way, far more.

Ms. **Levin-Epstein.** We share your concerns. Clearly, I think a major part of the problem which we experienced last summer, as Lorelei says, there was no management, and what you are saying is half of it was in these major cities. It was the biggest chunk. There was no attention paid to the program.

It is to be expected that would be important and it is the role of Congress, in Washington, to do oversight, and to assure that the USDA is doing its job. If it is not doing its job, we would urge you now to take USDA to task, and urge the Department to begin special monitoring efforts in major cities as to what is happening with the new regulations, which we feel optimistic about.

We are kind of optimistic, really, about New York. Whereas, in Hawaii, you may have had willing school boards, willing to open up the schools during the summer to children and children which could reach those school sites. This is a good situation.

We think it is great when the school opens its doors and they have the kitchen facilities to feed the kids. On the other hand, if you have a large group of children in the ghetto situation, 10 miles from the school, you are not going to get them to the school and you are going to have higher costs. It is not reasonable if the sponsor is good and can serve a good meal to that child. We think they can do it with good management. We think these new regulations go a long ways towards that.

Mr. Heftel. Thank you.

Mr. Miller. Mr. Le Fante?

Mr. Le Fante. During the GAO presentation yesterday, it was pointed out that the Federal cost of the 1975 program was about $65 million. They stated that the 1976 program costs are estimated at $169 million. Bearing in mind what Chairman Perkins related to you about having legislation ready by May 15 for the upcoming fiscal year, we are talking about a program where 100 percent of the funds is the pot, so to speak.

Now, we have to establish criteria to divide that money and hand it out of the pot. If my memory serves me correctly, about 95 percent of those funds are going into urban cities. The eligibility criteria would define these as poor areas. When you look into what is defined as a poor area, you find many ghettos. You find that it is the inner-urban, high density population areas with high rates of unemployment. That is what establishes a poor area.

All things being equal, we suspect very shortly that the program will reach $1 billion, particularly with the high unemployment rate in the northeast area. I received, this morning, unemployment figures from my own town, the rate for December was 7 percent and it is up to 10.4 percent today. We are losing military installations; we are losing factories. There is an exodus.

They are all profit motivated. The factories are antiquated and business is moving out. As a result, the poor are getting poorer.

Bearing that in mind, I don't think there is any way in the world—and I kid you not—we can just let the program go, as is, for another year. It has already been established if we don't have this legislation ready by May 15, we are not going to have a program.

Speaking of a program, I don't mind telling you, my constituents, even some that are involved in running the program, feel it is a rip-off. They see what is going out the back door. They tell me what is going in the garbage pails. My constituents are putting pressure on me to, if you will, to protect their tax dollars. I agree with you that better management is probably the answer. There is no doubt about that.

What are we supposed to do, put a policeman in every school? Put a policeman over every program—an auditor or an accountant? What we are doing is adding to the bureaucracy.

On page 4 of your testimony, Jodie, you state:

> The Federal Government, quite correctly, does not promulgate Federal food specifications and menu cycles. The regulations require sponsors to develop the food specifications with help from States.

That is very broad. Where does direct responsibility lie?

Ms. LEVIN-EPSTEIN. The regulations currently state the Department is supposed to give technical assistance to sponsors. That is all it says. It does not define the place by which sponsors seek the technical assistance nor does it tell them how to develop it themselves. That is what we would like to see FNS quickly pull together, some technical assistance for States so States, in turn, can get to the sponsors.

Mr. LE FANTE. What about responsibilities?

Ms. LEVIN-EPSTEIN. The State directors are responsible for assisting the sponsors. I would urge this committee to not only write to their State directors and urge them to move quickly in this area, but also to contact FNS and urge them to develop model sorts of information packets which States could also use.

Mr. LE FANTE. To your knowledge, has there ever been any complaints registered from sponsors that they are not getting this assistance?

Ms. LEVIN-EPSTEIN. For the first time, this summer, this kind of technical assistance is required. New Jersey, for instance, made some of it available to sponsors last year. It is always desired. What happens is sponsors don't specify—whatever USDA—if they give them the type A meal pattern, they get 2 ounces of protein. It can be one egg or a roast beef sandwich, so that it seems sponsors are relying on what USDA gives them.

Mr. LE FANTE. Can you reverse positions with me?

Ms. LEVIN-EPSTEIN. You want me to be you?

Mr. LE FANTE. I wouldn't mind having your age. I don't know about that long hair.

Ms. LEVIN-EPSTEIN. My mother is in the audience. You want to be careful.

Mr. LE FANTE. The reason I ask you is because we know that one-third of the funds is going into New York City. If you think, or anyone in this room thinks, strong emphasis is given to New York City, you are correct, because it is one-third of the pot. If you add Philadelphia and New Jersey, and the rest of the Northeast complex, you are talking about maybe 70 percent of the funds going to the Northeast alone.

If you include the west coast and the midwest, we are talking about 95 percent of the dollars, and in most cases the children are in walking distance of a school.

When you get into the rural areas, you are talking about, maybe, one area that serves 1,000, at the most, where the children have to be bused. There should be no misunderstanding of the time being given to the problems in New York City. I believe we should concentrate on NYC because we think that is where the ripoffs are.

We hear reports where some private vendors made $1 million profit in 10 weeks. I think our attention should be directed that way.

Do you feel that a program with administrative dollars going to the State through legislation, not through regulation, would improve the program?

Ms. **BORLAND.** The State does get administrative dollars.

Mr. **LE FANTE.** It is not enough?

Ms. **BORLAND.** It gets administrative dollars based on the number of meals served.

Mr. **LE FANTE.** In the summer program.

Ms. **BORLAND.** So, they get 2 percent of the projected program cost. As Congresswoman Holtzman pointed out, that is as much a potential ripoff as it is for the sponsor. It could be a fixed cost or a reasonable fixed cost, or a sliding cost, depending on how big the program is.

Mr. **LE FANTE.** Shouldn't the program be monitored, or policed?

Ms. **BORLAND.** As Jodie pointed out in the beginning of her testimony, New York had $1.2 million of administrative cost. That was money going to sponsors paying——

Mr. **LE FANTE.** Do you think that was enough?

Ms. **BORLAND.** Yes.

Mr. **LE FANTE.** What is your idea of evaluation?

Ms. **KATAYAMA.** In California, they got the 2 percent. The 2 percent is based on what they will serve the coming summer. California did not feel that was enough.

I would like to also say I don't think the amount of money is the whole thing. What happened last summer, the reason it didn't work, New York had the money but they didn't hire the people. USDA wasn't down there monitoring what was going on at the State level. So, it is not only the money we are looking at.

Mr. **LE FANTE.** Are we talking about individuals who are to be employed with a specific task, a duty to perform?

Ms. **KATAYAMA.** But New York had that money.

Mr. **LE FANTE.** Or the expertise available.

Ms. **BORLAND.** Of course, there is. There are designated people who are in FNS who are in charge.

Mr. **LE FANTE.** You misunderstand. The States get administrative expenses for management, for supervision, or monitoring purposes.

You say California could use it. We increase it. Now, what type of individual are you going to look for?

Ms. **KATAYAMA.** To hire to do the monitoring?

Mr. **LE FANTE.** Right.

Ms. **KATAYAMA.** Any type of person. They need to be trained. The training is what is important.

Mr. **LE FANTE.** In other words, what you are saying is, we will hire them and then train them?

Ms. **KATAYAMA.** Right.

Mr. **MILLER.** As Mr. La Fante points out, if we can come out with a piece of legislation by September or October of this year, and we have put money in on administrative costs, you tell me the State director's office can't find competent people to put into there from the LEA or a local certified public accountant, or attorneys, people to look at those contracts and see what is going on? I have to believe they can. I have heard attorneys say they will be glad to work for $15,000 a year. They are skilled people with great backgrounds.

Mr. Goodling?

Mr. Goodling. I would like to say, at this point where you are talking about the administrative cost, a great deal of money for administrative cost goes to the sponsor, according to this legislation. I am going to read it here on page 13. I understand a lot of the outstanding sponsors returned that money, but the ripoff artists did not.

> Any eligible service institution shall receive the summer food program upon its request.
>
> Such financial assistance to any such institution shall not exceed 75.5 cents for all costs excepting administrative costs for each lunch and supper served; six cents for administrative costs for each lunch and supper served; 42 cents for all costs except administrative costs for each breakfast served; three cents for administrative costs for each breakfast served; 19.75 cents for all costs except administrative costs for each meal supplement served.

In that whole thing, there is an awful lot of expenditures available, it seems to me, for administration.

Mr. Miller. I don't understand why they served five meals.

Ms. Borland. Only very few sponsors serve five meals.

Mr. Goodling. All I wanted to point out was there appears to be an awful lot of money for administration. I understand good sponsors turn it back and others rip them off.

Mr. Miller. Here, again, if we had legislation far enough in advance, isn't it conceivable those sponsors who participated in the program last year, and whoever participates this year, why can't they submit a forward budget to the State director or area advisory council and say, this is what we project our expenses are going to be in terms of personnel, in terms of rent, transportation, whatever their components are, so you have means to compare what is going on in East Highlands or San Leandro.

Ms. Katayama. They did, last year.

Mr. Miller. It has no relationship to reality. It is whether you can live with 6 cents per meal or 3 cents per meal.

Ms. Katayama. Yes.

Mr. Miller. No one has placed a limitation on people. In some areas, it may be more expensive than it is in others. Maybe you could set up a system when you bid out the program. People who have knowledge in a local area ought to be able to determine what is the better quality program, but you have an element of competition.

If the school board says, we can use our facilities, and this is what we will do; and a private group says, yes, but we can use the Kiwanis Hall and we will cook the meals and we will put them out, you have a basis on which you can make that judgment in February.

Then, if you find you haven't covered all the needs of the people, you can still have a supplemental budget. But you get a handle on the cost. Then, let them come back to you, as we do in the Congress, with a supplemental budget if they have incurred an expense they could not foresee. Why say, we can spend up to 6 cents when the cost may be only 3 cents?

I think this is what Mr. Goodling and Mr. Le Fante are concerned about—9 cents a day for these meals and it has no relationship of what somebody can put together a program for.

Ms. **Borland.** We agree.

Mr. **Miller.** They have to submit proof, just as this committee does. We submit a budget, for what we think travel is expected to be, and so on, and that is the money we expect to run on for a year, and it is submitted to the House Administration Committee.

Ms. **Borland.** USDA does not know how much the program is going to cost to run this summer because they don't have all the facts or figures. The regulations came out March 1. But one of the legislative changes we would see on the regulations, because States don't know what they are going to give back, so there must be a much earlier planning process. We cannot wait until the last minute.

One of the basic problems with the program last year was late regulations and late guidelines. It begins from the State and from FNS and that cannot be allowed to happen. It is clearly a commitment in the Congress to feeding hungry children.

Mr. **Miller.** Counsel points out we are trying to find out what the program cost last year.

Mr. Goodling?

Mr. **Goodling.** The legislation is written. I repeat: "Any eligible service institution shall receive the summer food program upon its request."

Let me say I am sorry I wasn't here for the testimony yesterday. In this modern age of computers and such, in any kind of business, you can schedule 5,000 students and five hungry teachers without any trouble. But in this Congress, we cannot schedule 435 people without scheduling us for three committee meetings in three different rooms at the same time. After awhile, they lose their enthusiasm for trying to do their bit because it is impossible. But I did read Mrs. Holtzman's statement. Other than the fact there are 50 personal pronouns—you know, I—I did not see the GAO report.

I think part of the problem is the law. I think it needs some tuning, of course, as you mentioned. I have been in this business on the other side. We would get our allocation in November and our program was supposed to start in September. So, we were accused of nonpayment.

You must remember the four cities the GAO looked at covered 45 percent of the program. I would hope you would agree there is no reason to train sponsors if we have public agencies and schools available that will do it and are in the location to do it.

In other words, you are not saying, for example, if there are 20 senior citizens meeting one block down from the school, the school is serving lunch at that time, and from 25 miles from where the senior citizens are, they haul in a van and unload the meal for the senior citizens. It denies them of a much cheaper and better meal. That is tough for me to understand. But I realize there are some places where you must have other sponsors.

Ms. Levin-Epstein. The measure of whether or not the school is a good sponsor is the quality of the food. There are many schools which are sponsors and serve the food which would not be as good as community sponsors serving it onsite.

Mr. Goodling. That is a pretty hard thing to tackle. On special days, I always had to schedule the administrators to go to different school cafeterias. I knew where they would always go on special days because certain cafeterias went to great pains to get the better meal, so you had to assign them so no one was slighted.

Ms. Katayama. In California, the schools have known about the summer food program for years. It is the State's responsibility to notify them that they are a prime sponsor. Only 19 percent of the sponsors in California are schools, only 33 school districts out of 800. So, many are responding to this program.

Mr. Goodling. I realize you have that. You heard the Chairman talking about 25 years of administration. There is nothing like public pressure from back home to change the attitude whether there will be a school lunch program and whether they want it. If you get that kind of pressure, you can change that to some extent.

Ms. Katayama. A key thing to remember is the availability of the school.

Mr. Goodling. Right. There is probably nobody in worse straits in this country than the rurally poor people. They don't have access to any agencies. In many instances, we have been concentrating on many cities. The rural and poor are pretty much outside of the whole thing.

Ms. Borland. Vicky made the point on the need for outreach. There isn't enough outreach in the South and West and rural areas. This is a program to give nutrition to school children during the summer months when they don't get it. There are approximately 10 million kids getting school lunches and only 3 million kids participating in the summer program. The figure ought to be evened out by outreach in the rural areas.

Mr. Goodling. Just 1 minute. I will finish what I have to say here. I agree with my colleagues there is no way you could put off some kind of a change as far as this legislation is concerned. Because, forgetting all about that May 15th deadline, if we act too slowly, there will be no legislation, in my estimation, until April or May next year, which puts us in the same problem of how do you plan ahead when you don't know what you are going to get? Talking about the 50 percent might be taking care of the other 50 percent, you have to be very, very concerned to make sure that those who can, do, and those who can't, are taken care of. That is a tremendous responsibility. I noticed in Baltimore, I believe it was run from the Mayor's office and he, in turn ran it through the park service. It was, I understand, an effective program run that way.

Mr. Miller. Mr. Kildee?

Mr. Kildee. I have no questions because it is a recorded vote.

Mr. Miller. We will have to go vote.

Very quickly, do you think there should be any reimbursement differential for those sponsors who prepare food on-site as opposed to those who contract it out?

Ms. Borland. I think it depends on the cost of food. On-site preparation ought to be encouraged and that means, if good food costs more, it ought to be higher.

Mr. Miller. Is there any reason why the Federal Government could not deposit with the State by May the amount of money the States spent in the past year?

Ms. Borland. There is not—I don't know how the fiscal bureaucracy works, but it does not seem inconceivable, based on the last year's expenditure figure, if the USDA knew, which obviously they don't know yet. There has to be a mechanism for determining that amount of money.

Ms. Levin-Epstein. It seems to me that would be a logical thing to do. It seems to be quite a problem. The Federal Government has been concerned that the States are going to earn a lot of interest on the money. They don't have the advantage to, so the Federal Government is concerned about the interest.

Mr. Miller. We can make them account for that.

They seem to agree, somewhere along the lines, with Mrs. Holtzman's testimony, that administrative expenses somehow have to be separated out.

What about the possibility of advisory groups? In one of your statements, you talked about advisory groups—I think it was in California—but making up an advisory group, maybe on a regional basis, with people such as yourselves, attorneys, and accountants, to monitor the program and take a look at them, maybe even for the purpose of approving contracts with sponsors, in reviewing them under the auspices of a State director's office. Maybe somebody who is in Los Angeles, who has no connection with the sponsor or the running of the program, but simply an ongoing monitoring for the 10-week period.

I am sure there would be people who would be in that program for the school and would be employed for that 10-week period, just as they take teachers and make them driver's ed teachers for the year. Something along those lines, so that you have an ongoing monitoring of people who don't have a vested interest in the program and can make some determination of what is actually happening. They may even have the power of terminating a contract if they see something that is going wrong.

Apparently, when contracts go wrong in California and they say, I don't have the power to do anything about it: I don't have the power to terminate the contract; it wasn't quite clear in the regulations—who can terminate?

Ms. Katayama. The State has a clear power. They could cut a sponsor off.

Mr. Miller. I agree with that, but that wasn't done.

Ms. Katayama. There were very few problems in California.

Mr. Miller. Somebody has the power to turn off the money when you have problems, and make some adjustments. They can put them in another program or move the kids around, or whatever is needed. So, a sponsor knows, once we are on the way, they are always accountable.

Once you get your money and your approval, you are pretty much on your own. Nobody has the ability to look over your shoulder and determine what you are doing with the money or the foods or content or anything else.

Ms. **Katayama**. The State is supposed to do that. They are supposed to go out and monitor the sponsors and assist them, but it didn't happen last summer.

Mr. **Miller**. Are there any other questions? Mr. Radcliffe?

Mr. **Radcliffe**. Just an observation, Mr. Chairman. Briefly, I understand the State people, in California, in some instances, because of the character of the sponsorship, have a problem. I mean, they are physically afraid.

Ms. **Katayama**. I have heard that about Chicago, too.

Mr. **Miller**. The committee will stand adjourned.

[Whereupon, at 11:05 p.m., the subcommittee recessed, to reconvene at the call of the Chair.]

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

WEDNESDAY, MARCH 30, 1977

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELEMENTARY, SECONDARY
AND VOCATIONAL EDUCATION
OF THE COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 2175, Rayburn House Office, Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Le Fante, Kildee, Goodling, and Pettis.

Staff present: John F. Jennings, majority counsel; Charles Radcliffe, minority counsel.

Chairman PERKINS. The committee will come to order.

Our witnesses this morning are Ms. Carol Mercogliano, the Mayor's Office of Manpower Resources, City of Baltimore; Mr. George P. Hanlon, Director of Family Services, Department of Human Services, City of Chicago; and Mr. Armand Ball, executive vice president, the American Camping Association.

Our first witness will be Ms. Carol Mercogliano. Identify yourself for the record. We will refrain from asking any questions until you complete your testimony.

STATEMENT OF CAROL MERCOGLIANO, MAYOR'S OFFICE OF MANPOWER RESOURCES, CITY OF BALTIMORE; ACCOMPANIED BY ROBERT IVRY, COORDINATOR OF YOUTH SERVICES

Ms. MERCOGLIANO. Mr. Chairman, and members of the subcommittee, I am Carol Mercogliano, the Mayor's Office of Manpower Resources, the City of Baltimore, and this is Mr. Robert Ivry, youth services coordinator.

Chairman PERKINS. Without objection, your prepared statement will be inserted in the record.

[The statement of Carol Mercogliano follows:]

TESTIMONY OF CAROL MERCOGLIANO
MAYOR'S OFFICE OF MANPOWER RESOURCES
CITY OF BALTIMORE

SUBMITTED TO THE U. S. HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION

MARCH 30, 1977

SUMMER LUNCH TESTIMONY

MR. CHAIRMAN, MEMBERS OF THE HOUSE SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION, I AM CAROL MERCOGLANO, FROM BALTIMORE, MARYLAND. I AM PLEASED TO TESTIFY BEFORE YOU TODAY REGARDING THE REGULATIONS THAT GOVERN THE SPECIAL SUMMER FOOD SERVICE PROGRAM AND THEIR IMPACT ON THE CITY OF BALTIMORE. BY WAY OF INTRODUCTION, THE SUMMER LUNCH PROGRAM IN BALTIMORE HAS BEEN ADMINISTERED BY THE MAYOR'S OFFICE OF MANPOWER RESOURCES SINCE 1972. THIS PAST SUMMER, THE PROGRAM SERVED OVER 31,000 LUNCHES DAILY, OR 1 MILLION MEALS TO NEEDY CHILDREN OVER THE COURSE OF THE SUMMER. THE SUBSEQUENT INVESTIGATION OF THIS PROGRAM BY THE GENERAL ACCOUNTING OFFICE INDICATED THAT THE MAYOR'S OFFICE IN BALTIMORE, OPERATED AN EFFICIENT AND ACCOUNTABLE LUNCH PROGRAM. AS A COMPETENT FOOD SERVICE PROGRAM SPONSOR, WE WERE QUITE PLEASED TO SEE THAT THE 1977 REGULATIONS, RECENTLY PUBLISHED BY THE U.S. DEPARTMENT OF AGRICULTURE, ADDRESSED A NUMBER OF REGULATORY ISSUES IN A CLEAR AND DEFINITIVE FASHION, THAT WAS LONG OVERDUE. ALLOW ME TO CITE SOME EXAMPLES:

FOR THE FIRST TIME AN EXPLICIT POLICY HAS BEEN ESTABLISHED CONCERNING THE SERVICE OF SECONDS. WHILE THE SPONSOR SHOULD HAVE THE INTENTION OF ORDERING LUNCHES FOR THE NUMBER OF CHILDREN IN ATTENDANCE, IT HAS NOT ALWAYS BEEN POSSIBLE TO DO THIS WITH THE ATTENDANCE FLUCTUATION EXPERIENCED DURING THE SUMMER MONTHS. IN THE PAST, BALTIMORE HAS BEEN TOLD TO THROW AWAY LEFTOVER MEALS ON A GIVEN DAY AND NOT TO SERVE THEM AS SECONDS BECAUSE THEY WOULD NOT BE REIMBURSED. WITH THE NEW REGULATION, WE WILL BE ABLE TO SERVE EXCESS MEALS AS SECONDS TO HUNGRY CHILDREN AS LONG AS WE CONTINUE TO REDUCE LUNCHES WHEN THERE IS EVIDENCE OF EXCESS MEALS AT ANY SITE.

SECONDLY, THE ELIMINATION OF THE MANDATORY CEILING OF 200 SITES PER SPONSOR WILL ALLOW PROGRAMS WHICH SUCCESSFULLY OPERATED OVER 200 FOOD SITES IN PREVIOUS YEARS TO MAINTAIN OR INCREASE THEIR SITES TO ADEQUATELY SERVE

ELIGIBLE CHILDREN FREE LUNCHES. WE DO FEEL THAT THIS REGULATION IS NECESSARY FOR NEW SPONSORS AND SPONSORS WHO CAN NOT RUN AN EFFICIENT PROGRAM WITH OVER 200 SITES.

THIRDLY, SEVERAL CONTROLS WERE ESTABLISHED IN THE REGULATIONS TO PREVENT COLLUSION BETWEEN SPONSORS AND VENDORS AND TO ENHANCE VENDOR ACCOUNTABILITY, CONTROLS THAT BALTIMORE HAS ALWAYS EMPLOYED. THESE CONTROLS ARE FOUND IN SECTION 225.15 ENTITLED PROCUREMENT PROVISIONS. EXAMPLES OF THESE CONTROLS ARE:

HEALTH CERTIFICATION REQUIREMENT OF THE VENDOR
BID BOND REQUIREMENT
PERFORMANCE BOND REQUIREMENT

ALTHOUGH THESE CHANGES ARE VERY POSITIVE STEPS TOWARDS EFFECTIVE LUNCH PROGRAM MANAGEMENT, SOME VERY SERIOUS REGULATORY PITFALLS REMAIN INTACT, OFFERING THE POTENTIAL FOR THE KIND OF CONTINUED PROGRAM ABUSE THAT HAS ALREADY COME TO THIS SUBCOMMITTEE'S ATTENTION. I MUST EMPHASIZE HERE THAT SUCH PROGRAM ABUSES AND MISMANAGEMENT HAVE BEEN TOTALLY ABSENT FROM THE BALTIMORE PROGRAM IN THE 5 YEARS THAT THE MAYOR'S OFFICE HAS SERVED AS SPONSOR. THE CITY OF BALTIMORE'S EXPERIENCE WITH THIS PROGRAM CLEARLY INDICATES THAT MAJOR URBAN CENTERS WITH A PUBLIC AGENCY AS A SPONSOR CAN AND DO OPERATE EFFECTIVE, EFFICIENT, AND WELL MANAGED FOOD SERVICE PROGRAMS. HOWEVER, CERTAIN USDA REGULATIONS OR LACK OF REGULATIONS CONTINUE TO INVITE, IF NOT PROMOTE PROGRAM ABUSE. PLEASE ALLOW ME TO GIVE A FEW EXAMPLES:

ALTHOUGH WE WERE PLEASED TO SEE THAT THE 1977 REGULATIONS ESTABLISHED CRITERIA FOR DETERMINING THE SELECTION OF SPONSORS, WE FEEL THAT TOP PRIORITY SHOULD BE GIVEN TO PUBLIC AGENCIES.

ALSO, THE REGULATIONS DID NOT GO FAR ENOUGH TO PREVENT MULTIPLE SPONSORSHIP PER POLITICAL SUBDIVISION. WE FEEL MULTIPLE SPONSORSHIP CREATES ADDITIONAL AND DUPLICATIVE ADMINISTRATIVE EXPENSE AND HAS BEEN THE SOURCE OF THE ADMINISTRATIVE PROBLEMS THAT OCCURRED IN THE NEW YORK CITY AND

CALIFORNIA INVESTIGATIONS.

IT WOULD BE CONSTRUCTIVE TO MANDATE THAT THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA) PRIME SPONSOR WITHIN A POLITICAL SUBDIVISION BECOME THE FOOD SERVICE SPONSOR. THIS WOULD BE CONSISTENT WITH CURRENT FUNDING PATTERNS THAT CHANNEL FEDERAL FUNDS FOR YOUTH PROGRAMS TO LOCALLY ELECTED OFFICIALS, THE CETA PRIME SPONSORS. THE CETA PRIME SPONSORS ARE ALSO CURRENTLY THE GRANT RECIPIENTS FOR THE SUMMER YOUTH WORK EXPERIENCE, RECREATION SUPPORT, AND TRANSPORTATION PROGRAMS. BECAUSE OF THE DISIRABILITY OF INTERGRATING ALL RESOURCES FOR YOUTH TO GAIN MAXIMUM IMPACT IN A COMMUNITY, IT WOULD MAKE SENSE TO CHANNEL FUNDS FOR THESE PROGRAMS TO THE SAME LOCAL SPONSORS. IF SUCH CETA PRIME SPONSORS DO NOT HAVE THE CAPABILITIES TO ADMINISTER THE SLP THEMSELVES, THEY COULD THEN SUBCONTRACT TO ORGANIZATIONS THAT DID HAVE THAT CAPABILITY, IN MUCH THE SAME WAY THAT DOLLARS ARE CONTRACTED TO ADMINISTER THE SUMMER YOUTH WORK EXPERIENCE AND RECREATION SUPPORT PROGRAMS. THE IMPORTANT FACT IS THAT THE FEDERAL GOVERNMENT CAN HOLD THE CETA PRIME SPONSOR ACCOUNTABLE FOR THESE FUNDS AND FOR ALL ACCOMPANYING PROGRAM ACTIVITIES.

WE FEEL MORE EMPHASIS SHOULD BE PLACED ON EFFECTIVE PROGRAM MONITORING CONTROLS ON THE SPONSOR LEVEL. THE 1977 REGULATIONS CALL FOR ONLY LIMITED SITE MONITORING. ACCORDING TO SECTION 225.4 (A) (2), SPONSORS MUST ONLY VISIT THEIR SITES DURING THE FIRST WEEK OF PROGRAM OPERATION AND AT LEAST ONCE AGAIN DURING THE NEXT FOUR WEEKS OF THE PROGRAM. THIS TYPE OF MONITORING IS TOTALLY INSUFFICIENT AND INVITES CONTINUED PROGRAM ABUSE SUCH AS EXCESS MEALS, SERVICE OF MEALS TO INELIGIBLE PARTICIPANTS, REMOVAL OF LUNCHES FROM SITE, ETC. THE CITY OF BALTIMORE'S EXPERIENCE WITH AN ONGOING REGULAR (WEEKLY) MONITORING SYSTEM THROUGHOUT THE ENTIRE LENGTH OF THE PROGRAM INDICATES THAT THE REAL KEY TO SUCCESS IS IN THE IMPLEMENTATION OF STRONG AND EFFECTIVE MONITORING CONTROLS.

THIS YEAR, THE MAXIMUM ELIGIBLE AGE TO RECEIVE LUNCHES IS 18. THIS REGULATION, PARTICULARLY IN TIMES OF CHRONIC YOUTH UNEMPLOYMENT RATES, FORCES PROGRAM SPONSORS TO EXCLUDE THOUSANDS OF YOUTH FROM PARTICIPATION IN THE FOOD SERVICE PROGRAM. IT IS DIFFICULT FOR A SITE TO EXCLUDE CHILDREN WHO ARE OVER 18 AND ARE ACTIVELY PARTICPATING IN THE PROGRAM ACTIVITIES FROM RECEIVING A LUNCH. I AM SURE THERE ARE SEVERAL CASES WHERE THESE CHILDREN ARE ACTUALLY SERVED A LUNCH. TO STOP THIS KIND OF ABUSE THE MAXIMUM AGE SHOULD BE RAISED BACK UP TO 21, AS IT WAS THROUGH 1975.

AS A SPONSOR, WE SEE A POTENTIAL PROBLEM WITH THE NEW REQUIREMENT THAT STATE AGENCIES APPROVE ALL MEAL VENDOR CONTRACT AWARDS. THIS REGULATION CLEARLY POSES A PROBLEM FOR PUBLIC AGENCY SPONSORS SUCH AS THE MAYOR'S OFFICE IN BALTIMORE, WHERE LONG ESTABLISHED MUNICIPAL PROCEDURES ARE IN PLACE. GIVING STATES THE AUTHORITY TO APPROVE SUCH CONTRACT AWARDS IN EFFECT VIOLATES THE LOCAL CHARTERS OF MANY LOCAL GOVERNMENTS. THE OBVIOUS SOLUTION IS TO EXEMPT PUBLIC AGENCY FOOD SERVICE SPONSORS FROM THIS REGULATION IF THEY ARE GOVERNED BY EXISTING BID PROCEDURES.

ANOTHER CONCERN RELATES TO THE STATE AGENCY. ACCORDING TO REGULATION 225.5 (3) (N) "THE STATE AGENCY SHALL PRIOR TO APPROVAL, VISIT EACH PROPOSED NON-SCHOOL SITES LOCATED IN CITIES WHOSE TOTAL ELEMENTARY AND SECONDARY PUBLIC SCHOOL ENROLLMENT EXCEEDS 75,000 FOR THE PURPOSE OF EVALUATING ITS SUITABILITY FOR THE FOOD SERVICE PROPOSED." THE MAJORITY OF BALTIMORE'S FOOD SITES HAVE PARTICIPATED IN THE PROGRAM SINCE 1972, AND ARE CERTIFIED BY THE LOCAL HEALTH DEPARTMENT EACH YEAR TO DETERMINE ITS SUITABILITY AS A FOOD SITE. WE FEEL IT IS A WASTE OF ADMINISTRATIVE TIME AND MONEY FOR THE STATE TO VISIT THESE PARTICULAR SITES WHEN THEY ARE PRE-VISITED BY THE HEALTH DEPARTMENT. AT THE VERY MOST, THE STATE SHOULD BE REQUIRED TO VISIT ANY NEW SITES WHO WISH TO PARTICIPATE IN THE PROGRAM.

LASTLY, IN THE 1977 REGULATIONS, THE LACK OF A DEFINITION FOR UNITIZED MEALS POSES A POTENTIAL PROBLEM FOR BALTIMORE, AND POSSIBLY OTHER SPONSORS; SPECIFICALLY, WHETHER OR NOT JUICES ARE PART OF THE UNIT. WE HAVE BEEN TOLD JUICE MUST BE PACKAGED IN THE LUNCH BOX. WE RECOMMEND THAT JUICES BE TREATED AS A SEPARATE UNIT (AS MILK IS) BECAUSE OF THE PAST PROBLEMS WE HAVE EXPERIENCED WITH WASTE DUE TO SPILLAGE AND SPOILAGE.

IN SUMMARY, I AM PLEASED TO TESTIFY THAT CERTAIN REVISED USDA REGULATIONS WILL IMPROVE SUMMER LUNCH PROGRAM ADMINISTRATION THROUGHOUT THE COUNTRY. AT THE SAME TIME, HOWEVER, FURTHER REFINEMENTS SHOULD BE FORTHCOMING IF THERE IS TO BE AN END TO THE ANNUAL RECOUNTING OF THESE LUNCH PROGRAM "HORROR STORIES" BEFORE THIS SUBCOMMITTEE. TO ADDRESS THESE ISSUES WOULD BE THE CLEAREST AND MOST FIRM COMMITTMENT ON THE PART OF THE USDA TO THE PROGRAM'S ULTIMATE GOAL: TO FEED HUNGRY CHILDREN.

Ms. Mercogliano. Thank you, Mr. Chairman.

I am coordinator of the summer lunch program for Baltimore City. The summer lunch program has been administered by the mayor's office of manpower resources since 1972. We are pleased to see that the 1977 regulations addressed a number of regulatory issues in a very clear and definitive fashion.

For example, several controls were established in the regulations to prevent collusion between sponsors and vendors. Incidentally, these controls have always been employed in Baltimore.

Second: For the first time, there is an explicit policy concerning the service of seconds. This will prevent the waste of food by our sites since, in past years, we were told to throw the excess meals away.

Third: The elimination of the mandatory ceiling of 200 sites per sponsor allows programs, which operated successfully in the past with over 200 sites, to maintain the same level and possibly increase the number of sites this year.

The city of Baltimore's experience with this program indicates that major urban centers, with a public agency as a sponsor, can and do, operate effective food service programs. However, certain United States Dpartment of Agriculture regulations, or lack of regulations, continue to invite program abuse.

We were pleased to see that the 1977 regulations established certain criteria for determining the selection of food service sponsors, but we feel actual priority should be given to public agencies.

Also, major problems come about with multiple sponsorship. We feel it creates additional and duplicative administrative expense and has been a source of problems that occurred in larger cities throughout the country.

Rather than trying to limit the number of sites per sponsor, we feel it would be a more constructive alternative to have the Comprehensive Employment and Training Act, CETA, prime sponsor, within a political subdivision, to become the food service sponsor.

Currently, other Federal funds for youth programs, such as the summer youth work experience and the recreation support program, are received by the CETA prime sponsors, so, it would make sense to channel funds for the summer lunch program to these same local sponsors.

If the CETA prime sponsors do not have the capabilities to administer the summer lunch program, they could then subcontract to other organizations that did have that capability.

The important fact is that the Federal Government could hold the CETA prime sponsor accountable for these funds and other program activities.

More emphasis should be placed on effective monitoring controls at the sponsor level. The city of Baltimore's experience with an organized regular weekly monitoring system throughout the entire length of the program indicates that the real key to success is in the implementation of strong and effective monitoring controls.

We feel that the 1977 regulations don't address the issue enough. They have a certain amount of control for monitoring, let's say, for the first 4 weeks of the program, but then they don't. How are you going to see these abuses, such as excess meals being taken off sites and being served to ineligible participants, if you don't have strong and effective monitoring controls.

As a sponsor, we see a potential problem with the new requirement that the State agencies approve all meal vendor contract awards. This regulation poses a problem for public agency sponsors, such as our office, where long-established municipal procedures are in place. Giving States the authority to approve such contract awards, in effect, violates the local charters of many local governments.

The obvious solution is to exempt public agency food service sponsors from this regulation if they are governed by existing bid procedures.

This year, the maximum age to receive lunches is 18. This regulation, particularly in times of chronic youth unemployment, forces program sponsors to exclude thousands of youth from participation in the food service program. I am sure there are several cases that children, or people, from 19 to 21 years of age have been served a lunch. To stop this kind of abuse, the maximum age should be raised back up to 21, like it was in 1975.

I would like to say that I am pleased to testify, and to say that certain revised USDA regulations will improve summer lunch program administration throughout the country. At the same time, however, further refinements should be forthcoming if there is to be an end to the annual recounting of these lunch program horror stories before this subcommittee.

To address these issues would be the clearest and most firm commitment on the part of the U.S. Department of Agriculture to the program's ultimate goal, to feed hungry children.

Chairman Perkins. Thank you, Ms. Mercogliano.

Chairman Perkins. Our next witness is Mr. George P. Hanlon, Director of Family Services, Department of Human Services, City of Chicago.

Without objection, your prepared statement will be inserted in the record. If you like, you may summarize your remarks.

[The statement of George P. Hanlon follows:]

TESTIMONY OF

GEORGE P. HANLON
DIRECTOR OF FAMILY SERVICES
DEPARTMENT OF HUMAN SERVICES
CITY OF CHICAGO

30 MARCH 1977

SUMMER FOOD SERVICE PROGRAM FOR CHILDREN
(H.R. 1139)

UNITED STATES HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON ELEMENTARY, SECONDARY
AND VOCATIONAL EDUCATION

HONORABLE CARL D. PERKINS, CHAIRMAN

The City of Chicago Department of Human Services is the result of a recent merger of social service agencies in the City structure. As of 1 January, 1977, the Model Cities/Chicago Committee on Urban Opportunity and the Department of Human Resources are one Department under the administration of Commissioner Cecil A. Partee. This merger brought together the agencies responsible for Head Start, Title XX Day Care Programs, Community Services Administration (CSA) Programs, many of the software projects of Community Development, the Work Experience Projects (including a major portion of Summer Youth Employment) of the Comprehensive Employment and Training Act (CETA) Programs, projects funded by the Illinois Law Enforcement Commission, the U. S. Department of Agriculture's Summer Food Service Program for Children and the corporate effort of the City of Chicago. In toto, the Department is responsible for nearly $100 million of programming on an annual basis.

The Department has participated in the Summer Food Service Program since 1970. A brief summary of the program levels over the last four years is as follows:

	1973	1974	1975	1976
Meals (millions)	3.2	3.6	4.1	3.6
Days	50	54	52	59
Average (thousands)	64	66	79	62
Total Costs (millions of dollars)	1.8	2.4	2.6	2.5

	1973	1974	1975	1976
Per Meal (cents)				
Food	.560	.653	.6138	.6482
Administration	.013	.016	.0175	.0337
TOTAL	.573	.669	.6313	.6819
Sites	676	729	831	705

Sites are supervised by diverse groups and agencies. They include:

- --Chicago Park District day camps
- --Chicago Board of Education social and recreational centers
- --YMCA's and Settlement Houses
- --The Local Advisory Councils of the Chicago Housing Authority
- --Churches of all Faiths
- --Neighborhood Block Clubs, Community Organizations and various and sundry other groups

We have viewed the Summer Food Service Program as being ancillary to other site activities. An organized, supervised activity other than the meal service is required of the site for it to participate.

With this wide divergence of sites, programs, and hours of operation, we opted a number of years ago to serve the noon meal only. The regulations call for a three hour lapse of time between the beginning of one meal service and another. Separate deliveries or facilities for storing at proper temperature must be available at sites serving more than one meal. To avoid the confusion and difficulties that would be encountered in providing one meal to some sites, a meal and a supplement to others, or two meals to others, the meal service has been limited to lunch. This arrangement has received the support of the participating sites.

As the Director of Family Services, I have been directly involved in the administration and supervision of this program since 1972. Our experience with the program has been positive and we would like to share with you our comments relating to the Federal regulations and our methods of administering the program.

We have disagreed with the definition of "children" as being "persons 18 years of age or under." Many of the Summer Programs supported with Federal funds, particularly those in the manpower area, include youth through the age of twenty-one. The Mayor's Office of Manpower in Chicago reported that in Summer 1976, 13.6% of the enrollee participants in the Summer Program for the Employment of Disadvantaged Youth were age nineteen or older. This accounted for close to 6,000 participants. Although not all of these participated at program sites involved in the Summer Lunch Program, many did. While the one Federal Program is encouraging participation through the age of twenty-one, another eliminates those nineteen and older. This leads to confusion and difficult administration at the site level. We would support a uniform definition including those through the age of twenty-one as eligible participants.

On a positive note, the change last year in determination of site eligibility based on school lunch program data was extremely beneficial. Using Chicago Board of Education statistics, a map was drawn showing the eligible areas of participation. These figures will be updated for 1977 with new boundaries drawn. This methodology has made uniform administration of the program more workable across the City. The following pages describe the process in detail.

Section 225.4 of the Federal Register Vol. 41 No. 45, Friday, March 5, 1976 states in (a) (7) that no eligible service institution shall be approved unless it:

> "Documents that its activity or food service serves an area in which poor economic conditions exist or, if applicable, documents that at least one-third of the children enrolled in each session of its operation are eligible for free or reduced price school meals."

Section 225.1 of the same, further clarifies the above by providing the following definitions:

(c) "Area" means the geopraphic area from which a site draws its attendance.

(d) "Areas in which poor ecomonic conditions exist" means areas in which at least 33 1/3 percent of the children are eligible for free and reduced price school meals under the National School Lunch Program and the School Breakfast Program.

In order to achieve compliance with the above regulations and to update the boundaries of areas of poor econimic conditions in the City DHR's Research Division summarized the most current data available on the number of free/reduced price lunches served and the average daily attendance in each of the schools under the Chicago Board of Education's jurisdiction. Table I reflects a summary of these data by school district along with the percentage of the children who are receiving free or reduced price lunches on an average daily basis. Citywide 49.7 percent of the children attending public schools received free/reduced price lunches: by School District, the percentages ranged from a low of 9.1 percent in District #2 to a high of 81.6 percent in District #8.

Plotting these data on a District basis, and then selected plotting of individual school eligibility (based upon the 33 1/3 percent criteria) Research was able to construct the boundaries of greatest need represented on the attached map. The percentage of school children receiving free/reduced price lunches within these boundaries equals 62.3 percent or 226,573 children from an average daily attendance of 363,563 in the shaded area. This percentage is well above the prescribed 33 1/3 percent and in fact is a documentation of need which is almost double the level required by the Federal regulations.

As a consequence, any site making application for the Summer Food Service Program which draws its participants from the shaded area on the map will be considered eligible for the program upon filing an application and agreeing to abide by the rules and regulations of the program as stipulated on the application.

Eligibility of sites drawing their attendance from outside of the shaded area will be individually evaluated on the following basis:

a) Distance from an individually eligible school in the non-shaded area. Those within a half mile radius of an eligible school and drawing participants from this area will be considered eligible.

b) Presentation of evidence that at least one-third of their participants will be from disadvantaged families as defined under the National School Lunch Program.

c) Internal verification of evidence presented in (b) by DHR local administrators.

SUMMER NUTRITION PROGRAM FOR YOUTH 1976
SCHOOL DATA BY DISTRICT*
TABLE I

SCHOOL DISTRICT	AVERAGE DAILY ATTENDANCE	# FREE/RED. PER DAY	% FREE/RED.
TOTAL	503,625	250,275	49.7
1	17,321	1,604	9.3
2	9,256	846	9.1
3	21,933	5,743	26.2
4	30,413	14,278	46.9
5	27,877	6,024	21.6
6	26,227	19,012	72.5
7	16,175	8,877	54.9
8	16,304	13,297	81.6
9	18,249	12,306	67.4
10	17,022	11,266	66.2
11	18,608	11,418	61.4
12	22,753	4,435	19.5
13	13,248	8,325	62.8
14	17,758	10,572	59.5
15	28,129	10,626	37.8
16	17,095	6,758	39.5
17	14,530	5,477	37.7
18	20,343	7,994	39.3
19	17,938	11,758	65.5
20	19,914	10,056	50.5
21	17,324	12,531	72.3
22	20,241	10,114	50.0
23	9,283	6,800	73.3
24	12,748	5,952	46.7
25	19,579	13,770	70.3
26	14,440	9,821	68.0
27	18,917	10,615	56.1

* Source: Chicago Board of Education, February, 1976

As may be noted from the participation data cited above, a sponsor limitation of 200 sites or average daily attendance of 50,000 children would have been detrimental to our operation. The wording of the final regulations allowing the State Agency the flexibility to approve larger Sponsors is a workable compromise. Our good relationship with the Illinois Office of Education is based on our prior successful operation of the program and we do not anticipate difficulty in satisfactorily demonstrating a capability to operate a program with 700-800 sites and average daily attendance of 80,000. The order of priority, introduced this year, in determining sponsorship of sites is also a positive step. This should help to eliminate some of the confusion initiated by sites who make application to more than one sponsor.

This is an appropriate moment to comment on one of the cooperative agreements reached by the Department that has resulted in good program operations. In 1972, the Archdiocese of Chicago School Lunch Program served as a program sponsor in order to keep their personnel and facilities in use. Since 1973, they have contracted with the Department to provide approximately 30,000 meals per day. We feel that this not only fulfills the intent of the regulation regarding the use of school food service facilities to the maximum extent feasible, but also has worked to the mutual benefit of the parties. The Archdiocese School Lunch Program has a fleet of radio-equipped, refrigerated trucks, trained personnel, and two commissaries. We have the capacity to administer the program and maintain contact with the numerous sites, community groups, agencies and organizations. The program benefits, both in terms of quality and good management, from the agreement reached in 1973.

As a Department of City Government, all our purchases are made under the Municipal Purchasing Act. We have not yet completed researching whether the regulations for the Summer Food Service Program with its required standard form of contract, bid procedures, and approval process will conflict with the Municipal Purchasing Act. If there are conflicts, negotiations will necessarily have to be conducted with the Illinois Office of Education to assure that the spirit of the regulations is upheld while not conflicting with other laws.

The regulations require that an application deadline be established by the State Agency. We concur in such a requirement. However, within the application process, a time frame for response by the State Agency should be established. We would suggest that applications be submitted thirty days prior to the end of the school year, with response by the State Agency within fifteen days. Since the State must provide written approval for each site, adequate time must be allowed the sponsor to notify vendors about order levels during the early days of the program. Although the Department experienced an average daily participation rate of 62,000 in 1976, the rate followed the line of a Bell Curve, as shown on the following chart:

WEEK	AVERAGE DAILY PARTICIPATION
June 14	20,000
June 21	30,000
June 28	55,000
July 5	80,000
July 12	87,000
July 19	91,000
July 26	92,000
August 2	87,000
August 9	83,000
August 16	64,000
August 23	40,000
August 30	11,000

These fluctuations must be communicated to the food service systems within reasonable time limits to allow sound management on their part.

We were also pleased to note that the competitive bid procedure must include a cycle menu upon which the bids shall be based. This has been included in our specifications since the inception of the program and in 1976 contained the following ten-day cycle:

1) Honey Loaf Sandwich
   Apple Sauce
   Banana
   Milk

2) Minced Ham Sandwich
   Mandarin Oranges in orange gelatin
   Apple
   Cholocate Flavored Milk

3) Peanut Butter and Jelly Sandwich
Cheese Wedge
Orange Juice
Fruit in Season (Plum, Pear, Peach, Nectarine or Tangerine)
Cookie
Milk

4) Beef Bologna Sandwich
Apple Juice
Banana
Milk

5) Turkey Loaf Sandwich
Apple
Raisins
Milk

6) Salami Sandwich
Fresh Strawberries in Strawberry Gelatin
Orange
Milk

7) Spiced Luncheon Loaf Sandwich
Fruit in Season
Apple Juice
Chocolate Flavored Milk

8) American Cheese Sandwich
Orange Juice
Apple
Scooter Pie (or equivalent)
Milk

9) Old Fashioned Meat Loaf Sandwich
Relishes (Celery, Carrot and Pickle Sticks)
Banana
Potato Chips
Milk

10) Submarine Sandwich
Shredded Cabbage and Pineapple in Lime Gelatin
Orange
Milk

The detailed specifications set forth the quantity and quality of each item, which have been deleted from the above listing. This menu cycle has been modified each year, with unpopular items deleted, and new products added. The 1977 menu is currently under development.

The regulations this year require a performance bond for the vendors which we have not previously required. As may be noted from the per meal costs cited above, there are considerable monies available in our operation to allow for this cost. It will serve as a safety valve for sponsors and should not constitute a prohibitive cost.

In the area of program payments, we have never received start-up funds. The difficulty which remains is that the regulation requires that an agreement between the State Agency and the sponsor must be executed prior to disbursement of funds. This is virtually impossible given the time frame for applications and approval. The current level (1977) of reimbursement of $.8575 for food, plus .0675 for administrative costs, for a lunch is more than adequate in our situation. Competitive bidding has kept the food costs down; volume and good management have kept the administrative cost below fifty percent of the maximum allowed.

We must also comment favorably about the statement in the regulations which notes the objective of providing only one meal per child at each meal service. It recognizes that the Summer Program is subject to fluctuation and that the State Agency may pay claims for reimbursement unless the sponsor has failed to plan and prepare or order meals with the objective of one child/one meal in mind. This is a step forward and will be helpful to sponsors. To this end, the Department tested an automated data processing system in 1976. The system is designed to match order levels, site reports and invoices. Six hundred sites must be matched for each day of program. With some additional testing in the early weeks of this summer, this system should further improve our management capability.

The provisions for advance payments, and the process for their receipt, appear to be adequate. Without the advances to sponsors, the vendors must include accounts receivable financing in their cost calculations and thereby increase food costs. Our experience with the advance payment in 1976 was acceptable. With the due dates in 1977 of June 1, July 15, and August 15, if they are met, a cash flow can be generated to the vendors and an overall savings accomplished to the program.

We appreciate the opportunity to present this testimony and will be happy to discuss it with you or respond to your questions.

STATEMENT OF GEORGE P. HANLON, DIRECTOR OF FAMILY SERVICES, DEPARTMENT OF HUMAN SERVICES, CITY OF CHICAGO

Mr. HANLON. My name is George Hanlon, Director of Family Services, Department of Human Services, City of Chicago.

The City of Chicago Department of Human Services is the result of a recent merger of social service agencies in the city of Chicago. As of the first of January 1977, the model cities program, the community action program, and the corporate efforts of the city of Chicago have been merged in one department under the administration of Commissioner Cecil A. Partee.

My division, the Division of Family Services, is the one responsible for the summer lunch program. Last year, the program served 3.6 million meals over a 59-day period, averaging 62,000 meals per day. The total cost of that was on the average of approximately 66 cents per meal, per serving, at 705 sites. These sites include the Chicago Park District day camps, Board of Education facilities, YMCA's and settlement houses, local advisory councils of the Chicago Housing Authority, churches of all faiths, neighborhood block clubs, community organizations, and various other groups.

With this wide divergence of sites, programs, and hours of operation, we opted a number of years ago to serve the noon meal only. The regulations call for a 3-hour lapse of time between the beginning of one meal and the service of another.

Separate deliveries or facilities for storing at proper temperature must be available at sites serving more than one meal. To avoid confusion and difficulties that would be encountered in providing one meal to some sites, a meal and a supplement to others, or two meals to others, the meal service has been limited to lunch only.

I have been involved personally with this program for the last 5 years, the department for 7 years, since its inception.

For the last 3 years, we have disagreed with the definition of children of being persons 18 years of age or under. Our reasons are primarily the same as those of Baltimore.

In Chicago, the Mayor's Office of Manpower is the sponsor of the summer youth employment program. Last year, 13.6 percent of the youngsters participating in the program were 19, 20, or 21 years of age. That accounted for close to 6,000 participants. Although not all of these were program sites involved in the summer lunch program, many were.

While the one Federal program—that is the manpower program—is encouraging participation through the age of 21, another eliminates those 19 and older. This leads to confusion and difficult administration at the site level.

We would support a uniform definition, including those through the age of 21, as eligible participants, again similar to Baltimore.

We are pleased that the final regulations for the program allow the larger sponsors to participate. We have had a very good working relationship with the Illinois Office of Education, and we feel we will not have any difficulty in satisfactorily demonstrating a capacity of operating a program with 700 to 800 sites and an average daily attendance of 80,000. We feel this is a constructive step, also.

Speaking of constructive steps, I think one of the things we have done in Chicago has been a very valuable use of the resources of the program. The regulations require that the school service system——

Chairman PERKINS. Can I interrupt you for a moment by saying that according to all the reports I get, the GAO report, where you have operated through your manpower service programs in Chicago and Baltimore, those cities have operated excellent programs. There has been no charge of fraud anywhere, unlike New York, where we have had so many private sponsors involved.

This is the thing we have got to keep on, with the committee, to try to get the situation straighened up.

Go ahead. Excuse me for interrupting you.

Mr. HANLON. In the City of Chicago, in 1972, it subcontracted, for the first time, with the Catholic school board, the Archdiocese of Chicago school lunch program, to serve as a program sponsor in order to keep their personnel and facilities in use. The regulations require that the sponsor for the program utilize a school food service system to the maximum extent feasible. We have found that the Catholic school board, through its two commissaries, through the personnel they have on an ongoing basis, refrigerated, radio-equipped trucks, has a very good capacity to administer the program, and at the same time provides very good service.

We are also very pleased to see that the regulations this year require that a cycle menu be included in the bid specifications. We have done this for 7 years. I think this is a very appropriate way of controlling some of the abuses that have been in the program specifically.

I also feel that the reimbursement level that is available this year, of 0.8575 for food, plus 0.0675 for administrative costs, is more than adequate in our situation. Competitive bidding has kept the food costs down; the volume and good management, we feel, have kept the administrative cost below 50 percent of the maximum allowed.

I feel that the statement in the regulations this year that cities that the objective of the sponsor ought to be the delivery of one meal for each child is a positive step. It relieves the sponsor of some of the worries in the past and also makes it a more manageable program.

We feel that the advance payments are adequate as long as the State agencies meet the deadlines that are provided. If they provide the payments on June 1, July 15, and August 15, we can generate a cash flow to the vendors that they build into their bids, and cost savings would be accomplished by the entire program.

If we can respond to any of your questions, we would be very glad to.

Chairman PERKINS. We will withhold them until the end of all the testimony.

Thank you.

Our next witness is Mr. Armand Ball, executive vice president of the American Camping Association.

Without objection, Mr. Ball, your full statement will be inserted in the record. To conserve time this morning, why don't you summarize it.

STATEMENT OF ARMAND BALL, EXECUTIVE VICE PRESIDENT, AMERICAN CAMPING ASSOCIATION

Mr. BALL. Thank you, Mr. Chairman.

[The statement of Armand Ball follows:]

Mr. Chairman and members of the Select Subcommittee on Elementary, Secondary and Vocational Education:

I am Armand Ball from Bloomington, Indiana. I am the Executive Vice President of the American Camping Association, which is located on the Outdoor Education campus of Indiana University near Martinsville, Indiana.

The American Camping Association is a national non-profit professional organization founded in 1910 to achieve professional practices in organized camps and to interpret the role of youth camps in the United States. Within our membership are the directors and leaders of children's camps, camps for senior citizens and for special needs and families whose sponsors or owners include private individuals, community organization, the major religious denominations, and all of the great youth-serving agencies in the nation, including Boy and Girl Scouts, the Ys, Camp Fire Girls, Boys' and Girls' Clubs, and Salvation Army. The American Camping Association's national office and full-time staff is at Bradford Woods, Martinsville, Indiana, on the outdoor education campus of Indiana University. Thirty-four (34) local Sections (chapters) serve the membership and public.

ACA represents, through its membership, some 60% of the over 10,000 camps in the country. We estimate over 8 million children are served by the nation's camps every summer, and 4 million children attend ACA accredited camps. One-fourth of the camps in the U.S.A. are actually accredited under ACA's National Standards Program, and about half of all children attending organized camps attend an ACA Accredited camp. Other camps, such as within national agencies, are also influenced through participation of their national leadership in the American Camping Association.

March 30, 1977

The new "American Camping Association Parents' Guide to Accredited Camps," just published in four area editions, lists 2400 youth camps which have been visited while in operation, by trained ACA inspectors, and accredited as ACA members. These camps are located in each of the 50 states, and several in foreign countries. I have a sample copy of this new "Parents' Guide" for each member of this Committee, covering that part of the nation in which his home district is represented.

The activities of our member camps vary as widely as the purposes, personalities and program goals of their owners and sponsors, but on one goal all youth camp leaders in the United States are absolutely united. . . . .all professionals in the camping field want to operate safe and healthy camps for those boys and girls entrusted to them. This is not just from the dedication and deep concern for children which camping people already have, but it is obviously also "good business" and necessary for each camp's reputation.

I am here today to attest to the benefit of the Summer Feeding Program as it affects organized camps across the land, not only on behalf of the members of the American Camping Association but directors of many camps not affiliated with our organization. From the earliest days of organized camps in our country, there has been a strong interest and concern to provide an outdoor living experience for youngsters from the lower economic strata of society. Early attention to this need was seen in the settlement house field, with particular concern for the youngsters in the crowded tenements of the city, but soon spread throughout a variety of agencies and churches. A resurgence of concern nationally for the "downtrodden" during the sixties provided some funding and great interest on camping for the innercity child.

In recent years, the soaring rate of inflation and occasional recessionary pressures have made it increasingly difficult for the non-profit camp organized to serve children in the lower income families. Non-profit organizations, including churches, have made efforts to increase the contributory dollar to meet the increasing costs, but often funds available meant the organizations had to limit the number of camperships to the funds available.

The Summer Feeding Program has provided an opportunity to not only meet the government's goal of providing better nutrition for qualified children but also the concern of organizations to increase the number of youth having an outdoor group living experience through resident or day camping. You will recognize that we have had only one summer on which to gather experience, and because of the lateness of the legislation and subsequent regulations many camps were unable to meet the deadlines for inclusion in 1976. However, the impact of the program was extensive and beneficial.

Rather than belabor my comments, I thought you might enjoy hearing from your constituency directly...

> A Director of a Salvation Army resident camp in Cincinnati, Ohio reported their camp was able to service an additional 125 youngsters from the black community that would have not been served otherwise.

x x x

> The Director of Happy Hollow Children's Camps, Inc., of Indianapolis, Indiana reports that the Summer Feeding Program funding enabled their camp to not only serve nighttime snacks for the first time, but also better quality meals with more meat and fruit juices.

x x x

The Director of the New York Mission Society Camps also reported that their camps were able to furnish snacks for the first time, and they served the best quality food they had ever been able to serve totally due to the Summer Feeding Program funding.

x x x

A Director of a Salvation Army camp in Pittsburgh, Pennsylvania reported that they were able to serve a hot lunch in their day camp where normally brown bag lunches from home would have been required. Therefore, youngsters received better food and perhaps their only hot meal of the day.

x x x

The Director of the Fresh Air Fund Camps of New York stated that 1) The food program has fostered not only increased awareness of good nutrition but conscious efforts by staff to teach principles to campers, and 2) Food program requirements and enforcement by state department officials have led to better food handling practices: eg, use of foods without additives or preservatives, use of only fresh vegetables, increased concern for storage.

x x x

The Director of the four camps of Hiram House in Chagrin Falls, Ohio noted that because most of those served were on Title XX, it enabled them to lower the cost of feeding and consequently of total service to those children enabling limited funds to be spread in order to serve more children in the area.

x x x

A Director of a Salvation Army Camp in Portland, Oregon also reported that participation in the program enabled their camp to serve more children from the innercity community by freeing budgeted funds for food to be used to subsidize other needy youngsters.

x x x

The Los Angeles Parks and Recreation Department was able to operate and serve 1,609 campers due to the Summer Feeding Program.

x x x

The Director of Catholic Youth Camps in St. Paul, Minnesota reported "We were able to increase by 100% the number of poor children coming to camp in our scholarship program - total in 1976 of 25 children. Those additional 125 children would not have come to camp if we had not received funds through the S.F.S.P. Needless to say, the environment from which they came would not have provided them with the nutritious meals they received while at camp - let alone the opportunity to leave the inner city and experience the beauties and wonder of God's creation."

x x x

So to summarize, I find camp directors from throughout the country identifying three major accomplishments of the Summer Feeding Programs in camps:

1. They have been able to enroll more youngsters in many camps and therefore increase the number of children receiving nutritious food.

2. They have been able to enrich menus, providing more fresh vegetables and fruits, meats, fruit juices, and milk than ever has been possible under the tightly squeezed food budgets of non-profit organizations.

3. They have been able to provide one or two snacks that could never have been budgeted, thus enriching the child's diet.

Great concern has been evidenced about the misuse of the program in some urban areas where waste has been attributed to the groups serving youngsters. There is probably no group other than school lunch directors with greater experience in careful food preparation, budgeting and cost controls than the camp director. Even before the days in inflation/recession (was there ever such a day), camp directors have had to carefully budget food purchases, design menus to get the greatest value for the dollar and to carefully control service to prevent waste. Many of the provisions and regulations of the Summer Feeding Program are second nature to the camp director, and I have been able to document very little waste in camp programs across the country. The greatest problem probably occurs in the day camp which serves only one hot meal (lunch) a day, and where food count and portions must be very exact. Some waste may occur in some camps which serve very young children who do not desire the full portions outlined by the regulations, and some leeway for these situations would enable some camps to eliminate some waste. However, exceptions to a standard portion based on nutritional value would be very difficult for a federal agency to supervise, I am sure.

One camp director queried about the waste factor reported almost no waste since the funding provided enough leeway to make the meals attractive and appealing to the children who "cleaned their plates."

Though there is always some grumbling about lengthy pages of regulations, and extensive reporting systems as necessitated by the Summer Feeding Program, most camp directors have recognized that much of the paper work required by this program (cost accounting, weekly inventories, etc.) is beneficial to the camp as well as necessary for the government. In fact, Mr. Gavgne of the Boys' and Girls' Camps of Greater Boston stated that "unlike many federal programs, the Summer Feeding Program worked like a charm and worked like it was written." In a day when any government program seems suspect in the minds of many citizens, this is a testimonial to the effective work of the Food and Nutrition Service. Many directors reported how helpful the field inspectors were and how willing they were to make suggestions and yet be practical in their interest in seeing the requirements of the program were met.

I have found the Food and Nutrition Service staff most anxious to understand the unique factors in camp food service and program related needs. Our organization has been asked to advise in this regard from the inception of the program and I have been pleasantly surprised at modifications that have been made in light of those unique factors.

Obviously, the program is not perfect, but we have been unable to uncover any misuse of the program in day or resident camps and have had only one broad incident of difficulty in the payment of funds due camps. In the Philadelphia area, difficulties were encountered between the vendor and the state agency --- and the camps have been the ones to suffer since they have provided the service, met the requirements, and spent the funds but have not been reimbursed by the vendor. However, the state agency has been most anxious to try to develop some means by which the camps could receive reimbursement and there is hope yet that will be accomplished before summer begins.

We strongly urge the continuation of the Summer Feeding Program, and particularly its service to children through day and resident camping programs. It is at this point that we can combine our concerns for the physical well-being -- the nutritious food -- and the concern for the total growth and development of that child in enjoying and understanding the natural world in which he is learning to work with his or her peers through a group living experience. That investment will have many long-term dividends not only for each of those children --- but for our nation as a whole.

AMERICAN CAMPING ASSOCIATION
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April 11, 1977

Representative Carl Perkins
Subcommittee on Elementary, Secondary and
Vocational Education
B-346C, Rayburn House Office Building
Washington, DC 20515

Dear Representative Perkins:

Thank you for the privilege of sharing the concerns of the American Camping Association at the Subcommittee hearing on March 30th. I appreciate the further opportunity of suggesting language that might further tighten the payment of funds for meals to eligible children.

Since returning to the office, I have made a number of contacts with camp directors who have utilized the Summer Feeding Program, persons related to camping in the major national youth serving agencies and denominations, and staff persons related to administration of Title XX funds to camps. In addition to seeking advice on the language you requested, I also quizzed the persons related to Title XX funding for camperships as to how they dealt with the potential duplication of payments.

In regards to the possibility of paying for a child's meals twice, all but one Title XX Funding Office replied that they had considered this and that it had been circumvented in several different ways. One office had the camp deduct the actual daily amount received from Summer Feeding Program for those Title XX funded campers from the daily rate the camp was to be reimbursed for camp costs from Title XX. Other offices had the camp reimburse the Title XX program the amount of reimbursement from Summer Feeding Program for those children funded by Title XX after the full reimbursement was made to the camp. The one exception to my call was a program which was able to pay only a portion of the cost of the camp's actual daily costs so that the food costs were not actually covered by the Title XX funds but by Summer Feeding Program.

In other words, enough Title XX funds were not generated to cover the full costs, and the amount of reimbursement from Summer Feeding added to the daily reimbursement rate did not push the reimbursement from both programs beyond the actual daily cost of the camp stay. So I have been unable to uncover any abuse of the program in regard to duplicate payments.

Many camp directors agree that it is possible to have the Summer Feeding Program reimburse the food costs of ineligible children, who though probably not "rich" may fall into the lower-middle or middle income range, simply because the program reimburses for every child's meals. When we mentioned this concern to the U.S. Food and Nutrition Service previously, they pointed out that the law stated that "all children must be fed" and that they could not reimburse on an individual basis.

After consultation with a number of directors, the American Camping Association would like to recommend that reimbursement for meals at resident camps be based upon individual eligibility of the campers (children) based upon either:

1. an address if the address is located in an "area in which poor economic conditions exist" as already established as such by local authorities

or

2. eligibility for free or reduced price school meals under the school lunch program during the current or past school year

or

3. documentation from the parents or guardians that the family-size income qualifies them for free or reduced price school meals.

We further recommend that there be no minimum percentage of eligible campers required for a sponsor to participate. Since the original provision was to guarantee that there was a large population of eligible children, and now the provision would reimburse only for individuals, this would make it possible for any non-profit camp which is anxious to serve eligible children to apply for the program. Though it might be questioned whether the "paper work" would be worth the funds to the camp, a number of the agency camps which serve a broad mixture of children indicated that they would like to utilize the program to secure more children from that socio-economic sector. Any effort in which we can make to bring about group living experiences for children of all socio-economic backgrounds, the better chance we have for creating understanding.

For that reason we also oppose any proposal to increase the percentage of eligible children in camp from 33 1/3% to 75% or 80% for qualification. Though there are many camps which primarily serve children which would qualify, the majority of camps seek to serve children from a variety of backgrounds. To limit the program to only camps which exclusively serve eligible children, would maintain the children in the same environment they often face year round.

The proposed approach also provides for an accumulation of the number of eligible children actually attending camp, rather than having to predict a certain percentage in advance of the camp. Since children who come under subsidized or campership programs are often those who tend not to appear at the last minute, this would also alleviate the director having to guess how many will show.

This proposed approach would also make the documentation process a bit more lenient in terms of paper work for the camp director, so that if a child comes from an area already cited as one "in which poor economic conditions exist," then an address without necessitating a family statement of income would suffice. Documentation is not currently required in such areas for urban summer food programs, and would seem no more necessary for resident camps.

I would again like to underline our opposition to the proposal of the General Accounting Office that programs be sponsored by public agencies or schools. There is a role of the private agency in our society, and the private agency has demonstrated over the years its value to the American system. The fact that certain private vendors have taken advantage of a program for their own profit should not in any way affect the attitude of our government toward the utilization of time honored agencies and churches that have proven their reliability and cost effectiveness in service to the public. There is no way in which public agencies and schools can provide the sort of service provided by camps operated by private agencies -- not only in food service experience for nutritious meals but for concern for the "whole child."

We appreciate your consideration of these points and would be happy to work with your staff in terms of any questions or concerns regarding these or other points. We appreciate your concern for the welfare of children as well as for a fairly administered program.

Sincerely,

Armand B. Ball

Armand B. Ball
Executive Vice President

ab:meh

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Fund Drive Chairperson

April 25, 1977

Honorable Carl Perkins
Subcommittee on Elementary,
Secondary, Vocational Education
B-346C Rayburn House Office Building
Washington, DC 20515

Dear Representative Perkins:

There are two matters I would like to add to our correspondence of April 11th, in which we identified our concerns relating to the Summer Feeding Program.

One of our members has expressed concern about the implications of the statement contained on page 3 of my April 21st letter which says, "To limit the program to only camps which exclusively serve eligible children, but maintain the children in the same environment they often face year-round." Taken in that fashion, the statement is mis-leading. My intention in that statement was to express concern about serving children whose family qualifies under government poverty guidelines exclusively in camps where they have opportunity to only relate to children from similar backgrounds. I did not mean to imply that the physical environment of the camp would be the same they faced in their neighborhoods back in the city. Obviously that is not the case, because the camps that tend to serve this socio-economic group more exclusively tend to be camps that give attention to higher standards of program, food service, and staff ratios than many other camps.

Rather, I was trying to accent our concern about providing for as many children as possible an opportunity to participate in a camp where there is a mixture of socio-economic backgrounds and, therefore, a broadening of horizons as an understanding on the part of children from all backgrounds represented. I felt sure you would understand the context in which the statement was made, but would like to take this opportunity of clarifying that for you and the subcommittee.

"Camping On Parade" **1978 NATIONAL CONVENTION, February 28-March 3**
Disneyland Hotel in the Magic Kingdom, Anaheim, California.

In addition, I am enclosing a copy of a letter from our Southern California Section which identifies concerns of people in that area of the country, which was received after my letter was forwarded to you. Some of the concerns expressed are those identified in my original letter.

As I continue to talk with directors across the country, there is strong concern that the program not be limited to the public sector, but that private agencies be allowed to continue to provide their service to children and to benefit from the funds of the Summer Feeding Program. The extension of the program for more than one year would be most helpful to our directors in terms of their planning, since budget planning is done often 16 to 18 months in advance. It is very difficult to lay plans when the Summer Feeding Program must be reinacted annually. We are hopeful that the subcommittee will give attention to at least an extension for several years running.

Thank you, again, for your service. Let us know if we can assist in any way.

Sincerely,

Armand

Armand Ball
Executive Vice President

AB/me

Mr. Ball. Mr. Chairman and members of the subcommittee, I represent the American Camping Association, which is concerned about the youth camps serving children and youth across the country. We represent all the major youth-serving agencies across the country, including the Boy and Girl Scouts, the Y's, and all the major denominations of churches, as well as a number of private, independent camps. We just wanted to be on record of expressing our very real pleasure in the summer feeding program. Last summer was the first time resident camps had been included.

We were most pleased with the sort of service and the sort of response we had out of the Food and Nutrition Service and have been unable to uncover any sort of abuse in the program in the resident camp programs across the country.

The majority of camps in this country are sponsored by private agencies, rather than public agencies. We are very concerned, as we look at trying to correct abuse in this program in the broad sector of the country, that we not forget that private agencies have a long history of providing very fine service to the country and to the public, at large.

We believe that the sort of service that was rendered in camps last summer, through private agencies, was very well done and without abuse.

We look forward to the continuation of that program and pledge our support in trying to prevent abuse of the program in summer resident or day camps.

Thank you.

Chairman Perkins. Let me compliment all the witnesses.

I would like to ask Ms. Mercogliano—glancing through your statement—you are from the city of Baltimore and you are in the mayor's Office for Manpower Resources. Is the mayor's Office for Manpower Resources the only sponsor in Baltimore?

Ms. Mercogliano. Yes, the mayor's Office of Manpower Resources is the only local sponsor in Baltimore.

Chairman Perkins. If it is, have you had any complaints about children not being served?

Ms. Mercogliano. We are the only sponsor in Baltimore City, and I can say we have had no complaints. They say we have served adequately. We feel we do a very extensive development of our sites by going through community directories, telephone books, hitting every church and every community group in Baltimore City.

In the mayor's Office of Manpower Resources, being the sponsor of the program, we do have what we call subsponsors, and this is where we have the Bureau of Recreation, the Urban Services Agency, and the Department of Social Services, acting through us—they are like a liaison between our sites—they are troubleshooters, you would say.

Chairman Perkins. Now, Mr. Hanlon, I noticed in your testimony your administrative expenses for the summer of 1976 had almost tripled from those expenses in 1975. What are the reasons for that substantial increase, especially in light of the fact that the number of enrollment and sites have decreased?

Mr. Hanlon. The major factor was that last year, the sponsors were required to absorb in their administrative cost the cost of an audit. This was the first year that had been required as part of the administrative program. Previously, that audit had been conducted by the State agencies or the Office of the Inspector General or the Audit Office of the Department of Agriculture.

We also had 7 additional program days. We still had over 700 sites and the other part of the cost was due to increased monitoring.

Chairman Perkins. What perplexes me is the cost per meal, comparing 1975 to 1976. In 1975 it was .0175; in 1976, it is up better than 3 cents, .0337. Your sites have been reduced. In 1975, you had 831 sites; in 1976, it is down to 705. It would appear to me that should eliminate some of this overhead. Am I inaccurate in my thinking?

Mr. Hanlon. Actually, the administrative cost is relatively low considering the number of sites. They employ approximately 60 people, 30 of whom are monitors of the sites, and an additional 8 or 10 are involved in central office ordering. The balance of the staff are located in our community youth offices and served as the clearinghouse of the records of the program. Of the increase in costs, approximately one-fourth of this increase was due to the cost of the audit.

Chairman Perkins. Why have these enrollments and sites declined?

Mr. Hanlon. In 1975, what was then the City Department of Human Resources, in addition to a few single-site sponsors, provided all of the meals in the City of Chicago. In 1976, there were a number of additional sponsors who came to Chicago and developed programs, and for that reason, we dropped off by some 126 sites.

Chairman Perkins. There is another question I would like to ask you. Is the department of human resources the sole sponsor or are there also private sponsors operating in the Chicago area? If so, are these sponsors duplicating your efforts, and have any problems surfaced with regard to these sponsors?

Mr. Hanlon. There are other sponsors in the City of Chicago. Whether they duplicate our services or not, I am not able to say. I know, in 1976, the Office of Education of the State of Illinois, conducted a meeting between three sponsors, ourselves being one of those three, to weed out those sites that had applications into two, and at times, three, of the sponsors. We have provided meals last year to 705 sites. We used data from the board of education to draw a map of the city of Chicago that would indicate the areas that were eligible.

In my judgment, we cover the entire area in which there are sites that wish to participate in the program, and given the priority of sponsorship, this year, the school systems would have the first priority. The first priority is to single sites—the sponsors that had only one site.

The second is the school system; the third priority being to a public agency that is utilizing the school food service system, I would think, which would fall in this category; and therefore, those sites wishing to participate in the program across the city would then do so, under our sponsorship.

Chairman Perkins. As you know, the law says, any area with one-third of the school children eligible to receive free and reduced-price meals can qualify for free meals under the summer program.

It seems that this provision means that summer camps can receive free meals for all the children in the camp, provided that they have one-third poor children in the camp. Is this happening in your camp, and do you agree with it?

Mr. Ball. That is the provision and that has occurred.

Chairman Perkins. Do you agree with the provisions and is that taking place in your camps? Are you feeding all of the children where you have one-third poor in the camps?

Mr. Ball. We have found that is happening. Most of the camps, when one-third of the children are documented as meeting poverty guidelines, served them. Between 60 and 90 percent of the children would come from such poverty areas. It is rather difficult sometimes to document, on the one-third formula, all the children, because of the resistance of parents to sign the registration form. We have asked the Food and Nutrition Service to give consideration of the reimbursement by individual children——

Chairman Perkins. In other words, that means that a millionaire's child can receive free meals?

Mr. Ball. That is possible. We have asked for it to go the other way. We have received very little encouragement from the Food and Nutrition Service.

Chairman Perkins. Can this group offer us any suggestions in the way of language that you think can help us clean up this program? I want to see the program expand, and continue to be the program that was originally designed by this committee when we first established it.

Now, your programs, according to all the reports, are being operated in a good manner and there is no criticism. You know, we are under fire.

Mr. Ball. We should be. This is a real concern that many of our people have. In fact, some of the people refuse to participate for that very reason, they did not feel that provision was fair. We would be very happy to submit language.

I think part of the problem has arisen out of the fact that resident camps were added to the program, and they tried to lump into existing regulations that were really built for——

Chairman Perkins. I would appreciate your doing that because we are going to begin to mark up this bill right after Easter. I would like the language within the next 10 days.

Mr. Le Fante, would you take the Chair?

Mr. Le Fante [presiding]. Certainly, Mr. Chairman.

Mr. Goodling. I think we would do well to review what it is we are going to put before the committee. They seem to know what is going on and would be a tremendous help to us. I think we have gotten ourselves into a lot of trouble simply because of the way the law was written. It says, "any eligible service institution shall receive the summer food program upon its request." That has left us wide open.

We have had people testify before us that thought that was the greatest thing that ever happened. But it is the thing that really got us into a great deal of difficulty.

Second: I was happy to hear Mr. Hanlon say that administrative money is more than adequate—or something similar to that—because, as I read that part of the law, we can get into a lot of trouble turning it over to a lot of people who are not public servants and who really take advantage of the amount of money that was advanced.

I understand it, a lot of people turn money back, in relationship to administrative costs. But those who were out there with a profit in mind, got us into all of this trouble, and, of course, took advantage of those administrative costs that were available.

I, too, am very concerned about the fact we are feeding not only millionaire's children, but Congressmen's children, free, and there is no way we can afford to do that. If we don't correct that, I can see this program collapsing because people are not going to pay their taxes knowing there are people who are a lot wealthier than they are, receiving free meals, sending their kids to camp while they are taken for the meals. Of course, it takes away the whole idea of the camp, itself, budgeting itself for the meals and making it very easy for them, I am sure. But the public isn't going to stand for that.

I had one question, I think, in relationship to the report. It would be on the third page of Ms. Mercogliano's statement. You said, "It would be constructive to mandate that the Comprehensive Employment and Training Act, CETA, prime sponsor within a political subdivision become the food service sponsor." I don't believe that would be possible. I mean, it is possible, but wouldn't it exclude the decision of who cannot participate?

Mr. IVRY. I would like to answer that, if I may. What we were looking for in including that in the testimony was some kind of consistency with the funds from other youth programs that ought to go to CETA prime sponsors and the recreation support programs. Just like in many cities, the CETA prime sponsors do not have the capability of running the summer youth work experience program on their own, and they contract through the school system. I think the intent was to try to limit the number of sponsors of political subdivisions that occurred.

Mr. GOODLING. Have a provision indicating this rather than mandating it.

Mr. IVRY. I think that would be very helpful.

Mr. GOODLING. I strongly agree. On page 2 of your statement, where you say, "We feel that top priority should be given to public agencies," because again, I think this is where we got into all of our trouble. You people did a good job. But you are not getting any of the publicity. Unfortunately, we are getting the heat, not from what you did, but from what was done incorrectly in many, many other areas. Unfortunately, there are areas where it was done with fraud in mind. It was 5 percent of the entire expenditures, which is quite an amount.

I have no other questions.

Mr. LE FANTE [presiding]. Ms. Mercogliano, I notice on page 4 of your testimony you refer to the maximum eligible age of 18. Now, you state in the last sentence of that paragraph, "To stop this kind of abuse, the maximum age should be raised back up to 21, as it was through 1975."

From your experience in Baltimore, have you found this to be a problem?

Ms. Mercogliano. I am not saying that it is not a serious problem. But at our lunch sites, the majority of them do have the summer youth work experience, and I am sure there are kids 19 through 21 there. It is really when they see kids getting lunches and they are excluded, when they are poor themselves, and they are excluded, that it causes confusion.

There may be sites where site supervisors do serve these kids and that is an abuse to the program, according to the regulations. We try to control it as much as we can by sending our monitors out, because they are out there once a week to each site. But we do feel it is an important thing and should be raised up to 21.

Mr. Le Fante. It is not a serious, major problem?

Ms. Mercogliano. No; it is not a major problem.

Mr. Le Fante. When you talk about abuses, you are not talking about the tremendous waste of money, but just a matter of violation?

Ms. Mercogliano. Matters of violation and ineligible participation.

Mr. Le Fante. I notice you talk about, "Giving States the authority to approve such contract awards, in effect, violates the local charters of many local governments." Yet, we have had, during these public hearings, many, many State officials, and other officials, who run the program, asking for the State to step in. They are asking for more administrative funds at the State level.

Ms. Mercogliano. If these are cities where they do have established bid procedures, because we are really talking—I know in our case, the city bureau of purchases handles this whole thing and they do see some problems, especially if the board awards a contract to a sponsor and the State disapproves it, there can be a serious problem. We are saying some public agencies should be excluded if they do have established bid procedures. It can be a serious problem.

Mr. Le Fante. We have to be very careful how we define a public agency. There are so many different types and groups involved.

Mr. Ball, it has been reported that many camps are receiving duplicate funds under title XX and the summer feeding program. I notice in your testimony that camps in Ohio are utilizing these programs to expand their outreach. How is this being done? How are they utilizing these funds?

Mr. Ball. As I understand, they are utilizing the title XX funds to provide all other costs except food, and since the title XX youngster qualifies under the summer feeding program, they are utilizing the summer feeding program for food cost for the program, and would enable them to serve more youngsters from the same sort of neighborhood.

Mr. Le Fante. Talking about the duplication, how are they utilizing the duplicated funds? Do you understand what I am getting at?

Mr. Ball. I am afraid not.

Mr. Le Fante. GAO mentioned in their testimony last week, to this committee, that there have been reports—in fact, they documented it—where the funds in the summer feeding program actually are being duplicated, received through other sources, such as title XX.

To your knowledge, where this is occurring, how were they utilizing those funds?

Mr. Ball. I do not know of any duplicated funds except the one I mentioned in Ohio.

Mr. Le Fante. Just the Ohio one, and they are using this to expand their outreach. Exactly how are these funds utilized?

Mr. Ball. To pay the sponsor for additional counsellors, for example, so they can enroll more youngsters who fall into the poverty guidelines. Whether they are funds utilized to get those youngsters, it would have had to be spent for food were it not for the summer feeding program, so it seems the incentives for both programs are being met.

Mr. Le Fante. Mr. Kildee, do you have any questions?

Mr. Kildee. No questions.

Mr. Le Fante. Mrs. Pettis, do you have any questions?

Mrs. Pettis. No questions, Mr. Chairman.

Mr. Le Fante. Counsel, do you have any questions?

Mr. Radcliffe. Mr. Ball, you have indicated that you would make recommendations about how we could distinguish between residential camps and these other types of institutions that are obviously different in nature. Could you give us a brief sketch, or is that unfair at this time? Could you give us any distinctions you might make?

Mr. Ball. I would make it a bit simpler, because the residential camp is quite different between the multiurban site situation. I did not come with preconceived wording. We have discussed this a number of times with the administrative office and have not received much encouragement. But I have some colleagues that would be happy to help do that.

Mr. Radcliffe. I would appreciate it if you would do that.

Thank you, Mr. Chairman.

Mr. Le Fante. Mr. Jennings?

Mr. Jennings. I noticed in Mr. Hanlon's testimony that he said they used the Catholic Archdiocese of Chicago facilities as a vendor for the food in the summer program. I was wondering what happened in Baltimore, whether this city contracted with the public school system to use their facilities or whether you went to the private, profit-making company as a vendor?

Ms. Mercogliano. We went to a vendor, a private caterer.

Mr. Le Fante. I didn't hear that.

Ms. Mercogliano. We catered our meals through a private vendor, one vendor through the competitive bid process.

Mr. Jennings. Did you have any problems?

Ms. Mercogliano. There were no problems that we couldn't handle. We had good control over the vendor.

Mr. Jennings. Would it have been cheaper to use the facilities in the public school since they have been paid for out of the public funds?

Ms. Mercogliano. We feel not because we would have to open the school system and probably that would cost more money for the city than the program costs now.

Mr. Jennings. Thank you.

Mr. Le Fante. Thank you, ladies and gentlemen, for appearing here this morning.

Mr. Kildee. When you put this out for bid for private firms, were there a number of firms that responded to the bid?

Ms. Mercogliano. I think we had a total of five, five or six, that responded.

Mr. Kildee. Thank you.

Mr. Le Fante. We thank you for your appearance this morning. I am sure your testimony has been most helpful. We will take your discussions into consideration in the markup. The markup will begin after Easter recess. Secretary Bergland testifies next week. I am sure you will all be present when that takes place.

Thank you.

If there is nothing further, the hearing is adjourned.

[Whereupon, at 10:30 a.m., the hearing recessed, to reconvene at the call of the Chair.]

[Material submitted for inclusion in the record follows:]

No-Fault Nutrition

Mrs. Dorothy Finch, ASFSA Legislative Committee, Supervisor,
Food Services, Grandview School District, Grandview, Washington

Every aspect of school foodservice seems to carry some aspect of the continuing debate over school lunch vs. the brown bag, school breakfsat vs. breakfast at home, Type A vs. vending, or governmental responsibility vs. parental responsibility.

In responding to these debates, the school foodservice advocate's position might be described as favoring "no-fault Nutrition" at school.

Simply stated ... every student is a hungry kid at noon. It does not have to be thought of as "somebody's fault" that children expect to eat at school, or that parents want to have their children eat at school. We do not have to apologize for living in a country that provides the best, most equitable, economical way of giving every school child the opportunity to receive a balanced meal at noon.

In the ideal application, school foodservice complements and strengthens the efforts of all concerned parents to see that their children are properly nourished. Under some unfortunate circumstances, school foodservice may provide *the only* opportunity for a child to be well-fed. It is then that a child may need to have both breakfast and lunch at school. In either application, feeding children is a worthy achievement. There are no *bad* reasons for wanting children to be well-fed, nor any *good* reasons for letting them go hungry.

If school foodservice has failed, the failure is in not having gone far enough. A good program should reach and make a contribution to every child, according to the child's needs.

Perhaps it is natural for some people to profess to be nostalgic about the days when parents had the full responsibility of feeding their kids. They talk about how mother fixed breakfast and packed lunch, while the kids helped dad milk the cows. The kids came in ... wide-awake and hungry ... to eat breakfast, pick up the brown bag, and trudge off to school.

They tell us that parents, in those days, taught their kids what to eat and what not to eat ... what to buy and what not to buy.

In truth, THAT'S BALONEY! We had very few lessons and very little choice in deciding what to eat or buy. Our healthful lifestyle was forced upon us. 95 percent of us lived on farms then, and we ate what we grew. We raised cows, and cows give milk ... not soft drinks. We raised fruits and berries ... not candy bars. We raised potatoes ... not potato chips. Who can pledge that we would have made the same wise choices if we had bought our food, as people do today?

The assumption that everyone had privilege to "the good life" is another myth that should be debunked. Then, as now, children were born into families who couldn't afford to feed them. That is why the first school lunch programs evolved.

Few people would want to return to the pre-1940 days. Technology, affluence, social change ... progress, if you will, have left a mark we cannot, and would not want to, reverse. Unfortunately, these marks of progress have not all worked to the advantage of children in food-related health. Some conditions which make it difficult for parents to control what their children eat are:

1. A national affluence that makes it profitable for the free-enterprise marketing system ... with the help of advertising ... to exert a sales pressure on children that is virtually irresistible. This is evident in the proliferation of candy, soft drink, and snack food advertising and sales.
2. Parents, school officials, and congressmen have succumbed to the same pressures. They have made it easier for outsiders to supplant traditional home and school foodservices.
3. Today's mother may be at work, earning the family paycheck. She is not home to supervise breakfast or lunch.
4. One-parent households have become common, and that parent may not have time to oversee eating patterns.
5. Dad may have a job that pays an inadequate wage. He may even be unemployed. Low family income is a prime cause of poor diets.
6. We have become urbanized. 95 percent of us now live in urban areas. We have no cow, no garden, and no apple tree.

Today the most astute parent cannot shelter children from all the adverse dietary influences, and so the child must be educated to choose wisely for himself.

It is in this area that school foodservice has not gone far enough. One effective way to teach nutrition is by example ... an example that nourishes as it teaches. However, four million students attend schools that do not have foodservice programs. Many existing programs are so crowded and inadequate that they do not attract students. In schools where we do a good job of feeding children we often do a *poor* job of using the program as a laboratory for teaching food-related health. In these ways and more, we fail today's student and tomorrow's parents.

School foodservice goals are modest and attainable: serving balanced meals to children while teaching the value of food-related health. That teaching does not have to be technical. It can be as simple as tasting and learning to like a variety of common foods. It can be as simple as learning to recognize the basic four food groups, or learning that there are many foods that do not make a significant contribution to good nutrition.

A few students will make a career out of the technical study in the field of nutrition. They will be our experts. But every child, every day of his life, will live by his own personal knowledge ... or ignorance ... of food. That is the "bottom line."

Thus, it is *not* important for us to identify the causes, or fix the blame for the student's lack of interest in nutrition. It is unwise for us to single out children who participate in foodservice programs for economic reasons from those who participate for other reasons.

It is important for us to become involved in the student's nutrition education, and the transfer of that education into lifetime eating habits. We must strive to attain the basic goal of seeing that NO CHILD HAS TO GO HUNGRY AT SCHOOL TODAY.

Yes, we need a No-Fault Nutrition policy that seeks to reach and make a contribution to every child, according to the child's needs.

3/9/77

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BACKGROUND AND ISSUES PAPER ON THE SCHOOL FOODSERVICE AND CHILD NUTRITION PROGRAMS, JANUARY 1977

(Prepared by The American School Food Service Association, Denver, Colorado)

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The American School Food Service Association is a nonprofit organization dedicated to the improvement of the nutrition and health of the nation's children. Its 65,000 members are virtually all public service employees working in public school systems, private schools, or other public and private organizations operating programs for the care and training of children. Membership includes state level administrators or supervisors, directors or managers of foodservice programs in local school districts, nutritionists and dietitians, and foodservice employees who prepare and serve meals to children.

The Association has counterpart organizations in each state, with local chapters at the county or school district level. The state and local Associations work actively to improve the quality of school nutrition (foodservice and nutrition education) programs for children, sponsor programs for the training and certification of foodservice employees, and support federal and state legislation to strengthen the operation of various child nutrition programs.

ASFSA publishes *School Foodservice Journal* 10 times per year with combined July/August and November/December issues. The *Journal* covers such subjects as food procurement procedures, menu planning, recipes, food preparation, new food products, food storage, service equipment, and changes in federal legislation and regulations. The *Journal* is distributed to all members of the Association. Among other activities, the Association sponsors a national certification program for school foodservice employees, holds an annual meeting, with 6 to 8 thousand in attendance, and conducts an annual seminar for representatives of the food and equipment industries.

On a nonpartisan basis, the Association has, for the past several years, taken an active role in developing national policy in the nutrition field and, specifically, in sponsoring and supporting the passage of legislation beneficial to school foodservice and child nutrition programs. ASFSA has worked very closely with staff members of the committees of jurisdictions in both the House and Senate and has, through key members of the Association, testified on numerous occasions in support of pending legislation.

The Association strongly believes that there is a direct relationship between good nutrition and good health. There is growing evidence that nutrition is related to many of the costliest diseases now affecting our population—obesity, hypertension, heart disease, diabetes, even cancer. There is also evidence that dietary patterns set in childhood either lead to or prevent these diseases. The school and school nutrition program, providing both nutrition education and food itself, should serve as a major vehicle to improve the health status of our children, and ultimately, save the nation billions in the cost of health care.

Additionally, the Association believes that an effective nutrition program is one of the few proven factors that can improve the educational performance of school children. This is a result of not only the improved physical and mental status of children, but also the favorable psychological attitude created between the child and the school. A nutritionally adequate school meal is the right of every child.

The legislative program of the Association is formulated by a Legislative Committee, subject to Executive Board approval. At least monthly, the chairman of this committee sends a report summarizing legislative developments to some 600 key members of the Association, including the legislative chairman of each state Association. These key members form the nucleus of a national legislative action response network involving the entire Association.

In March of each year the Legislative Committee conducts a legislative action and training conference in Washington, D.C. Approximately 200 members from state School Food Service Associations and other interested groups attend. Key members of the Executive and Legislative Branches participate in these discussions. Emphasis is placed on meeting key executive and congressional leaders as well as understanding the legislative process and procedures involved in supporting federal and state legislation affecting the school foodservice and child nutrition programs.

I. BACKGROUND

A. Current Status of Programs

Since 1970, major and sweeping changes have taken place in the federal legislative and funding authorities for the school foodservice and child nutrition programs. These changes have resulted in pronounced increases in the scope and costs of these programs.

In addition to this growth factor, other provisions or requirements in new federal legislation and USDA regulations have immensely complicated and increased the responsibilities of the Federal Nutrition Service as well as the state educational agencies in administering the supervision of these programs within the states. A similar impact has been experienced by school systems and other agencies that actually operate the foodservice programs in local communities. Resolving these complications by simplifying and improving the state administrative responsibilities and performance is a primary objective of the Association. A key to achieving this objective is adequate numbers of personnel at all levels of government as well as performance standards commensurate with the task for those personnel.

1. National School Lunch Program (NSLP)

This program is now operating in nearly 90,000 schools, or about 15,000 more than participated in 1970. The program is now available to approximately 90 percent of the children enrolled in elementary and secondary schools across the country. There are still, however, approximately

18,000 schools where the program is not available.

Average daily participation in the program has increased from about 20 million children in 1970 to 26 million in 1976. For the same time period, the number of children receiving free lunches and reduced price lunches (not to exceed 20 cents) has increased about two million to 11.3 million in October 1976.

2. School Breakfast Program

The original 1966 legislation for this program gave priority to schools serving low-income areas and schools to which children traveled long distances by bus. The law was amended in 1972 to extend eligibility to all public and private nonprofit schools. Since 1972, the program has doubled in size from 8,000 schools with 1.1 million children participating to 18,000 schools with a participation of 2.5 million children.

In PL 94-105, which was passed in October 1975 over the President's veto, the Congress expressed its intent that "the School Breakfast Program be made available in all schools where it is needed to provide adequate nutrition for children in attendance." This legislation further required that the Secretary of Agriculture and state educational agencies cooperate in furtherance of this policy. There is increasing activity at the state level to make breakfast a mandatory program, though there are significant differences and opposition found from state to state.

3. Special Milk Program

This program originated in 1954 and is available to any type of nonprofit school child care institution. A federal subsidy of six cents is paid for each half-pint of milk served when not a part of lunch or breakfast. A radical change in the program was made in PL 93-150 (November 7, 1973). This provision mandated that any child eligible for a free lunch would also be eligible for a free half-pint of milk. This, in turn, has resulted in very complicated problems for schools in attempting to avoid identification of children receiving free milk. Since 1973, several thousand schools have discontinued this program because of its inherent administrative difficulties. This situation will be discussed in further detail at a later point in this paper.

4. Child Care Food Program

Until October 1975, this program was essentially limited to nonresidential preschool child care institutions serving low-income areas. Public Law 94-105 tremendously increased the scope of this program. Any type of public or nonprofit child care institution, including nonresidential and family day care centers, was made eligible for federal assistance in operating a foodservice program. (Another provision of the law made residential child care institutions eligible for the school foodservice program.) PL 94-105 also greatly liberalized funding for the program and, in addition to federal payments for lunch and breakfast, mandated federal payments for twice a day snacks and supper meals where served. In 1976, some 13,000 institutions serving 460,000 children participated. This number is expected to increase substantially under the new provisions of law, but the child care area is still predominantly one of small institutions that often lack the administrative or foodservice capability to participate in the program.

5. Summer Foodservice Program for Children

Public Law 94-105 also greatly broadened the scope and liberalized federal funding for the summer program that operates primarily from mid-June to late August. It is estimated that about 2.5 million children took part in the summer of 1976. The bulk of the program participation is concentrated in the major cities of the nation.

The program has proved to be particularly difficult to administer for the following reasons:

a. The program is of extremely short duration.
b. It requires very close supervision, which often has not been available.
c. It has been difficult under the provisions of law to identify site locations for the program which are eligible to participate since such locations must serve areas in which one-third of the children are from poverty income families.
d. It has often been difficult to locate program sponsors with the experience or financial resources to properly administer the program.
e. The late issuance of USDA regulations and procedures has inhibited effective planning for each summer's operation.

For these and other reasons there have been a number of serious program abuses that must be corrected before next summer's program begins. In fact, abuses have been so flagrant, and highly publicized, that they threaten to undermine the integrity and public support of other child nutrition programs. Representatives of the American School Food Service Association, as well as other interested organizations, have been cooperating with USDA to develop procedures to correct these abuses.

6. Nutritional Training and Education

Section 6 of the National School Lunch Act authorizes grants of funds to states for nutritional training and education for workers and participants. Such grants may not exceed 1 percent of all funds available for programs authorized under the National School Lunch and Child Nutrition Acts. USDA has used this authority very sparingly, never requesting more than $1 million annually. For the fiscal year 1977, the Department recommended discontinuance of this activity. Given the concerns about efficient administration and nutritional quality of the programs, grants under this section should be increased accordingly. For the school foodservice program to be the vehicle for alleviating costly chronic disease, a nutrition education component is essential.

7. Nonfood Assistance (NFA)

Section 5 of the Child Nutrition Act authorizes the appropriation of $40 million annually to assist schools in low-income areas in purchasing equipment needed to establish, maintain, or expand school foodservice programs. Since 1970, these funds have been instrumental in expanding the lunch program to more than 12,000 additional schools, primarily those located in low-income urban areas. There are approximately 18,000 schools which, as of now, do not provide foodservice.

The Congress appropriated $28 million for this activity for fiscal year 1977 against the Administration's request for discontinuance. Expanded programs require extra use of equipment. Old and obsolete equipment must be replaced. NFA funds are needed at the authorized level. USDA survey of the states has documented the need for full funding.

8. Special Supplemental Food Program

This program, known as WIC (Women, Infants, and Children), was initiated in 1972 as an amendment to the Child Nutrition Act. It is generally not considered as a part of the school lunch and child nutrition programs structure because:

a. It is operated through state and local health agencies as opposed to state educational agencies that administer the Child Nutrition Programs.

b. It deals with mothers and children in the home, whereas the Child Nutrition Programs are limited to foodservice for children in group situations away from home.

The program is, however, running into serious difficulties at the local level because of limited sponsor capabilities. It is possible that school foodservice agencies might provide the administrative infrastructure to enable WIC programs to be established in otherwise inaccessible areas.

The 1977 appropriation for WIC program is $250 million. The potential cost of the program, if expanded to all eligible areas, has been estimated at $1 billion.

B. Congressional Interest and Support

In recent years, virtually all of the initiative and leadership for expanding and strengthening these programs has come from the Congress. Since January 1970, at least one major bill affecting these programs has been initiated and approved by the Congress annually. Such legislation has cleared through the Education and Labor Committee of the House and the Agriculture and Forestry Committee of the Senate. It has also been strongly supported by the Senate Select Committee on Nutrition and Human Needs.

Throughout these years, the Congress has strongly endorsed the concept of nutrition programs for all children, regardless of income, with special emphasis on extending program benefits to children from low-income families.

C. Federal Administration

In 1969, a separate agency—the Food and Nutrition Service (FNS)—was established within the Department of Agriculture to administer the food programs. Currently, this agency administers the Food Stamp Program, the Commodity Distribution Program, the several Child Nutrition Programs, and the WIC Program. Today, FNS administers roughly 60 percent of USDA's budget with only 3 percent of the personnel.

The overall cost of these programs represents well over one-half of the Agriculture Department's budget. Nevertheless, FNS has never achieved equal status with other major agencies of the department. The head of the agency is a GS-18, as opposed to the Level V positions assigned to other agencies. This, in turn, compresses the salary grade structure at lower levels within the agency and directly hampers the quality of administration. The manager of the Child Nutrition Programs Division, responsible for the administration of activities costing $3 billion in federal funds, is a GS-16. Elsewhere in the federal government, a position of this caliber could be designated at GS-18 as a minimum. It must be remembered that these persons are administering programs that greatly affect the health and education of America's children; through these programs, effectively administered, the cost of the nation's health care could be reduced by billions of dollars by improved food habits.

D. State Administration

By law, state educational agencies are responsible for the administration and supervision of the school foodservice and child nutrition programs within the states. These agencies contract with local agencies for program operations, carry out and enforce federal regulations, and disburse federal funds to approved school systems and eligible child care institutions. These agencies are also responsible for monitoring and supervising local operations, including the provision of technical assistance in the areas of food preparation, training, and nutrition education.

These agencies have not found it possible to increase staffing levels commensurate with the very large program expansion and an extensive increase in federal regulatory requirements. In contrast to other federal-state programs, and because of restrictive USDA and OMB (Office, Management, Budget) attitudes, only a very small amount of federal funds has been made available to state agencies to assist in program administrative costs. In consequence, state departments of education and state legislatures have been reluctant to request or appropriate additional funds for the administration of programs that have been mandated to them by Congress. As a result, the scope and effectiveness of state agency administration and guidance have been progressively watered down in relation to major program expansion.

Professional training should be increased in order to upgrade personnel standards at the local, state, and federal levels. Initially this might begin with summer training sessions conducted by USDA/FNS for new federal and state personnel (with less than two years experience) using state administrative funds. In the future, ASFSA believes consideration should be given to the establishment of an ASFSA Child Nutrition Institute to offer continuing education and training in this area to state, local, and federal FNS personnel.

II. MAJOR ISSUES

Along with the growth and progress of the child nutrition programs for the past six years, there have developed a number of issues or problem areas that hamper their effectiveness as nutrition measures or that complicated this administration unnecessarily at the state and local levels.

Some of these issues can be met by policy decisions of the Executive Branch, others by changes in federal regulations or administrative action, and still others may require changes in existing law or new legislation.

A. National Policy on Child Nutrition Programs

In the past six years, the greater emphasis on child nutrition programming has been on participation expansion and new program creation. Success in these areas has also raised problems, particularly in the fields of efficient program administration and the maintenance of a high level of nutritional quality in the foodservice being provided. The Association believes that a solution to these problems requires a new concept that will coordinate policy and activities at the local level. For want of a better term at this time, the Association proposes that this concept be called the Community Nutrition Center.

The Community Nutrition Center (the local school system) would be the local agency designated to administer the child nutrition and such other nutrition programs as may seem desirable in a given area. At a minimum, the Community Nutrition Center would be the primary administrative agency for school lunch, school breakfast, child care, and summer feeding programs. In addition, as it seems desirable, the

Community Nutrition Center may be the administrative agency for the nutrition program for the elderly, the WIC program, and community nutrition education programs.

The rationale behind the Community Nutrition Center is as follows. At the moment, there is a confusing and growing number of nutrition programs either being operated or available to be operated at the local level. Where they are actually in operation, these programs are often being administered by as many different local agencies as there are programs. This often makes for both duplicative administrative responsibilities and the absence of administrative, foodservice, or nutrition expertise in some agencies that is available in others. In particular, school foodservice departments often have skills not available to summer feeding, child care, or elderly feeding programs. In many local communities, there are no other agencies with the ability to sponsor these additional nutrition programs. Designating school foodservice departments as Community Nutrition Centers would be a way to provide expertise to other agencies and to initiate programs where other agencies may not even exist. ASFSA believes minimum training requirements should be established for personnel engaged in supervising and managing the child nutrition programs.

B. Funding Policy

In the past three years, there have been separate proposals forwarded by the executive branch to Congress to drastically alter the existing structure of the child nutrition programs. The first proposal would have consolidated a major part of school foodservice appropriations with other federal funds for education into a special revenue sharing package for education. The other two proposals, similar in detail, would have limited federal food assistance to children from poverty income families under a bloc grant approach. In addition, states would have been given wide discretion in designing food programs for needy children.

It is true that these proposals received but little attention in Congress. Nevertheless, they created a considerable amount of confusion and uncertainty among local school boards and school officials.

Under the so-called bloc grant approach, the major impact would have been an increase of 25 cents or more in the price of lunches served to children buying their lunches. According to an official USDA study, this would result in a participation drop of nearly 10 million children. With this decline in volume, thousands of schools would be forced to sharply curtail or discontinue their foodservice programs. Because local school systems have invested many millions of dollars in the cafeteria, food preparation, and food storage facilities, local communities have been very seriously concerned over any basic change in the operation of the existing child nutrition programs.

When measured in practical terms, the bloc grant approach, or similar specialized revenue sharing, would be counter-productive from the standpoint of improving the nutrition of the nation's children. Far fewer middle-income children would be reached as individual schools discontinued regular school foodservice operations. Furthermore, needy children continuing to participate would be clearly identified to their classmates.

The program is presently well designed to make nutritious meals available to all children in school. Furthermore, it is remarkably successful in providing nutritious meals to children from low-income families. What is most needed at this point is a "breathing spell" of up to two years in order that states and local units may assimilate and adjust to the sweeping changes that have occurred in child nutrition programs in the past six years.

This is not to say, however, that it is not possible to achieve simplification and economies in program administration and operations through regulatory changes, administrative action, or relatively minor changes in legislation.

C. Free and Reduced Price Meals

Since 1970, Congress has mandated the service of free or reduced price lunches and breakfasts for needy children. More recently, free milk has been mandated for children eligible for a free lunch. As indicated earlier, state and local educational agencies have cooperated fully in implementing these provisions of law.

In the long run, however, the present practice of economic segregation of children is neither a practical nor logical basis for operating the school foodservice or child nutrition programs because:

1. It is inconsistent with national policy for free public education, free transportation, free text books, and many other education activities.
2. It has created an enormous amount of expensive paperwork and record keeping, especially in local operations. Application forms must be sent by the schools and other participating institutions to all parents, regardless of income; each application returned must be individually reviewed and approved. Very complicated coded ticket systems must be used to avoid identification of needy children and to provide for proper accounting of federal funds. For example, a school participating in the school lunch, breakfast, and milk programs must provide a total of eight differently coded tickets to identify the type of meal served and the amount of federal reimbursement that can be claimed.
3. It has not proved possible to develop any foolproof system to avoid identification (to their classmates) of needy children, despite sincere efforts by school officials.
4. Although the existing system is bound to contain a built-in incentive for families to misrepresent incomes in order to quality for reduced price lunches for their children, this type of program abuse, fortunately, has been very limited.
5. There is considerable evidence that because of pride, significant numbers of low-income families refuse to apply for free or reduced price lunches for their children.

In the present economic situation, it is recognized that there are many important priority decisions to be made on the use of available tax funds—at all levels of government. Nevertheless, it is believed that plans must be studied and developed for child nutrition programs to be operated on a basis under which all children have equal access and treatment, regardless of income, with equitable cost sharing between federal, state, and local governments. A nutritionally adequate school meal which is an essential part of a child's education should no more be the function of wealth of family or the wealth of the school district than are the textbooks, library, or school building itself.

D. Proposals for Transfer of the Child Nutrition Programs to Another Agency of Government

For many years, various suggestions have been made that child nutrition programs be located in some department of government other than USDA. HEW has been the agency most often mentioned. In 1974, USDA stated that it planned to request congressional approval to transfer these programs (plus food stamps) to HEW; however, there was no follow-through.

Admittedly, this total activity is difficult to classify under any single functional area of the Executive Branch. It has educational aspects since school foodservice and nutrition education in the classroom are related. It has welfare aspects since about 70 percent of the federal funds expended are directed to providing meals for children of low-income families. It has agricultural aspects because it is one of the largest markets for food in the entire country and has served the agricultural economy effectively for many years as a special outlet for food products facing temporary marketing difficulties, especially perishable commodities such as dairy, meat, and poultry products.

On a broad basis, the primary function of these programs is to promote better nutrition and nutrition knowledge for the nation's children. The functions and activities of several USDA agencies directly support this effort. The Agricultural Research Service is *the* agency of government concerned with human nutrition research and the nutritive value of foods; the Agricultural Marketing Service is the source of information essential to these programs concerning food processing, grading, and marketing of food; The Economic Research Service provides valuable service in the form of special studies and analyses of program operations; information from the Statistical Reporting Service on prospective food supplies and prices is essential in planning food procurement programs.

Ultimately, child nutrition programs might be consolidated with other nutrition activities in a separate agency of government concerned with the nutrition and nutrition education needs of all segments of the population. Until such time, for the reasons mentioned, it would seem desirable to hold these programs in the Department of Agriculture where they should be given the support and attention they clearly merit.

In the interim, however, child nutrition programs should be separated from the Food Stamp Program as a separate agency in USDA. (It is understood that this could be done without congressional sanction.) The present Food and Nutrition Service can never give adequate attention to the administration of such large and diverse activities as food stamps and child nutrition programs.

E. The Special Milk Program

This program was initiated in 1954 as a means of utilizing fluid milk surpluses. Any type of school or nonprofit child care institution, residential or nonresidential and including summer camps, has been and is eligible to participate in this program. Subsequent legislation, however, has extended broader federal food assistance to all such eligible outlets through the breakfast program, the child care program, the summer program, and the inclusion of residential institutions under child nutrition programs. In consequence, the need for this particular type of program has progressively declined, except in schools which, as yet, have been unable to establish a foodservice.

Legislation approved in 1973 provided that any child eligible for a free lunch would also be eligible for an additional half-pint of milk with federal funds financing the full cost. For a variety of reasons, this requirement has been exceptionally difficult to administer. As a result, a large number of schools have discontinued the program.

On the basis of these factors, it is time to re-evaluate the role of the Special Milk Program and to seek legislation to eliminate duplication of benefits and to obtain simplification in program operations.

F. Foodservice Management Companies

Until 1968 USDA regulations prohibited schools in the National School Lunch Program from employing commercial foodservice management companies to operate their foodservice programs. This ruling was based on Section 9(c) of the School Lunch Act: "School Lunch Programs under this Act shall be operated on a non-profit basis." However, General Counsel of the Department of Agriculture ruled that commercial concerns could operate a school foodservice program so long as they charged only a "management fee" for their services. Under such an arrangement, the management company employs the manager and foodservice workers, procures food and other supplies, and prepares and serves the lunches. It also collects payments for food sales, keeps accounting records, and fills out claim forms for federal and state funds. The school board is then billed for all costs plus a stated management fee on a periodic basis. While the school determines the type of foodservice to be offered and the lunch prices, it has delegated responsibility for menu control and operation of the lunch program to a profit-oriented concern.

This arrangement has been attractive to many school systems and others are entering in such contracts. For one reason the school foodservice employees are no longer employees of the school system with pension rights and other fringe benefits, and in addition, the school board no longer has responsibility for hiring of employees, food procurement, or other functions associated with operation of a lunch program.

In the long run, this trend has certain undesirable implications:

1. A commercially operated food supply program, separate and apart from all other school activities, will no longer have community or parent support or interest.
2. School boards will be more reluctant to appropriate funds to assist the foodservice program.
3. Principals and teachers will view the program as completely unrelated to other school activities, including nutrition education in the classroom.
4. School foodservice managers and employees will no longer have recognition as part of the school staff or have any commitment or incentive to promote the nutritional goods of the National School Lunch Program.

Finally, it is our contention that the ruling of USDA General Counsel regarding eligibility of foodservice management companies to operate under the National School Lunch Act should be evaluated. Accordingly, it is recommended that the General Counsel's Office review this decision in the light of:

1. The nonprofit requirement contained in Section 9(c) of the National School Lunch Act.
2. The general philosophy embodied in the School Lunch Act and its history of operation that places responsibility for program operations on local school authorities;
3. The authority and responsibility of the Secretary of Agriculture to take action in this area under Section 12(b) of the School Lunch Act that directs the Secretary to include such other pro-

visions as will carry out the best interests of the program.

G. Child Care Food Program

In 1966, federal food assistance under the National School Lunch Act was extended to preschool programs when such programs were operating as a part of a school system. In 1968, legislation was approved (PL 90-302) which authorized a separate food assistance program for nonprofit child care programs serving low-income areas.

In 1975, ASFSA recommended that this program be merged with the National School Lunch Program and on the same basis of eligibility and funding as a measure of simplifying state administration, record keeping, accounting forms, etc. Such an amendment was initially included in HR 3637 which subsequently was approved as PL94-105.

Other groups, however, were successful in amending HR 3637 to continue the child care program as a separate entity and greatly liberalized eligibility standards and funding.

The appropriation authority for this program expires September 30, 1978. When legislation is introduced, possibly in this session of Congress, consideration should be given to merging this program with the National School Lunch Program with appropriate provision for child care centers that are unable to provide a complete foodservice.

H. Summer Food Service Program for Children

As indicated earlier, a number of problem areas have developed in the operation of this program last summer as well as in prior years. ASFSA and other organizations have cooperated with USDA in formulating revised program regulations and guidelines that are expected to result in much improved operations next summer.

Nevertheless, the basic concept and design of this program should be reconsidered. Legislative authority for this program expires September 30, 1977. As a practical matter, this Congress will have to deal with this matter in 1977 since 1978 passage of legislation would most likely be too late for a 1978 summer program.

As of now, eligibility for this program is limited to site locations that serve children from low-income areas, i.e., those in which at least one-third of the children are eligible for a free or reduced price lunch. In many situations, it is extremely difficult, if not impossible, to identify such site locations. More important, the limitation of the program by site location means:

1. It is not possible to achieve city-wide or total community support for the program since many needy children are automatically excluded.
2. For the same reason, it is much more difficult to find an overall sponsor willing to undertake responsibility for operating the program. This would apply to both public and private organizations that normally operate summer recreation programs or other activities for children on a community-wide basis.
3. As a result, the only alternative, in many situations, is to contract the program to some group willing to conduct a food distribution program for children on a more or less neighborhood basis unconnected to any type of recreation program. Such a group is often without resources or funds to properly administer a program and, most likely, is operational for a period of only a few weeks.
4. The legislation for the program specifically authorizes the service of up to five meals a day (breakfast, lunch, supper, and two snack servings). Furthermore, the law specifies that no sponsor may be prohibited from serving the full complement of these meals. Given the lack of proper food storage facilities at many site locations and the logistics of food delivery, the possibility of food waste or diversion is obvious.
5. As now written, the law in effect requires that the federal government underwrite the full cost of the program. Accordingly, within the limits of authorized maximum rates of federal reimbursement, sponsors have little or no incentive to achieve economies in the cost of foodservice or administration.
6. Finally, under the existing program, an anomalous and discriminatory situation prevails under which *non*-needy children residing in areas eligible for the program can participate free of charge, whereas *needy* children in noneligible areas are denied the benefits of the program.

I. State Agency Administrative Expenses

Section 7 of the Child Nutrition Act authorizes the appropriation of funds for state administrative expenses. This provision of law has been badly mismanaged by successive administration in relation to the evident need of states for financial assistance in supervising the constantly increasing scope and complexity of child nutrition programs. Primarily due to the attitude of OMB and USDA, budget requests to Congress for this activity have been minimal. Payments of available funds have often been delayed or even withheld. As a result, there have been annual carryovers of unused funds.

Congress has been aware of this situation. In PL 94-105 (October 1975), USDA was directed to make a special study and report to Congress by March 1, 1976, on the level of funds needed for state administrative purposes. Collection of data and other information from state agencies for the purpose of the study was completed many months ago; however, the decision to release the results of the study is still pending in OMB.

Clearly, there is a need for legislative change to resolve this situation. State agencies must have assurance of the level of administrative funds available in advance of each school year in order to recruit and employ additional personnel needed to administer the child nutrition programs. This type of legislation is in effect for other federal-state programs, e.g., Food Stamps, etc.

It is recognized that additional funding is only one necessary step toward improving quality and effectiveness of state administration. *Equally important is the need for USDA, using federal funds at the state level, to develop and establish minimum standards for professional qualification of individual employees in managerial and supervisory positions.* It is recommended that USDA convene a committee to work on the development of such standards. HEW has such standards for skilled employees in nursing homes.

J. Competitive Foods

This term generally refers to any food items that are sold separately from the Type A lunch (priced as a unit) either in school cafeteria or in adjacent areas during the time of foodservice. More narrowly, the term applies to prepackaged snack-type or beverage items sold through vending machines or by other methods during the time of foodservice, when such sales are managed by and proceeds accrue to some student or school activity separate and apart from the school nutrition department that is operating programs authorized under the National School Lunch and Child Nutrition Acts. This discussion relates only to the second definition.

In 1970, pursuant to authority contained in PL 91-248, USDA issued regulations limiting the sale of competitive foods in schools under the National School Lunch Program and limited times and locations of service. In 1972, PL 92-433 revoked this authority. In substitution, this law authorized the sale of competitive foods by schools, provided that the proceeds from such sales are used "to the benefit of the schools or organizations of students approved by the schools." (Section 10 of the Child Nutrition Act of 1966)

The legislative history of this amendment makes it clear that states and local schools still have the authority to control or limit the sale of competitive foods, both as to times of service and types of food made available.

Under this provision of law, many school systems are operating competitive food services with profits running into many thousands of dollars in the larger systems. These funds are used to finance band uniforms and other desirable activities that school boards do not wish to finance from tax funds. ASFSA's great concern is that competitive foods are generally of a refined high carbohydrate variety that research is showing contributes to chronic diseases that are killers.

Nevertheless, this situation sets up a basic conflict in goals. The purpose of the child nutrition programs is to provide nutritious food to children on a nonprofit basis. In contrast, the sale of competitive foods is essentially profit-oriented, and is directly counter-productive to the nutrition education activities of the lunch program and classroom instruction on the principles of good nutrition.

On a practical dollar and cents basis, the availability of a second foodservice in a school reduces the sales of food in the federally subsidized lunch program, increases per unit costs of production, increases the amount of plate waste, and, in the final analysis, threatens the financial stability and nutritional integrity of the school nutrition program.

Clearly, some legislative action is required to limit the adverse impact of unrestricted sales of food items in direct competition with the foodservice program. Specifically, ASFSA recommends that all food sales during the periods of foodservice under the school lunch and child nutrition programs be under the control of the school nutrition department of the school and be provided in accordance with the nutritional objectives of the National School Lunch and Child Nutrition Acts. Furthermore, revenues from such sales should accrue to the school nutrition program. Food sales at other times of the day could continue to be handled, at the option of the school, by student organizations or other school activities.

K. Food Procurement

Aside from labor costs, food supplies account for about 90 percent of other program costs in the operation of the child nutrition programs, running over $3 billion annually. Large volume food purchasing of a great variety of items requires training, knowledge, and experience in order to achieve appropriate quality at optimum price. In the past, local school districts have received insufficient guidance and help in this area.

Accordingly, it is recommended that USDA take the leadership in emphasizing the importance of efficient food procurement procedures, and in developing a food procurement manual covering such subjects as food procurement procedures, grades and specifications, bid procedures, cooperative buying, nutritive quality, etc.

Knowledge and advice of the commercial food industries as well as the expertise of commodity specialists in the Agriculture Marketing Service and other USDA agencies could provide needed resources for development of such a manual.

L. Nutrition Education

The effectiveness of the child nutrition programs as a vehicle for improving nutrition has been hampered through the years by the lack of any formal program to encourage nutrition education that is directly related to foodservice operations in participating schools.

The lack of such a program has meant that children often reject unfamiliar foods, especially fruits and vegetables. This has led to increased concern over plate waste, although there is no evidence that this is any greater in schools than in the home or commercial eating establishment. As a result, school foodservice menus tend to be more and more concentrated on a limited number of foods that children find readily acceptable, i.e., the hamburger, french fries, cole slaw, and milkshake syndrome. It is recognized that such meals meet the basic nutritional requirements of the program. On the other hand, it does not include the full range of vitamines and minerals required for good nutrition.

All in all, this situation is bound to influence the dietary habits of the nation's population in the years ahead. Furthermore, it could very well restrict future demand for a great variety of agricultural products.

A bill, S 2449, introduced by Senator Humphrey and others in the last session of Congress, was designed to make a beginning toward making nutrition education a regular component of all foodservice programs. This bill, with some modifications, should be seriously considered as a vehicle for improving nutrition education in the nation's schools. Funds should be available to Land Grant Colleges to expand professional training opportunities in all child nutrition programs—lunch, breakfast, summer, WIC programs.

III. CONCLUSION

This paper does not purport to cover all of the policy and administrative issues affecting the future course of the school nutrition programs which now reach into virtually every community of the country, both urban and rural. For example, existing USDA regulatory requirements on full cost accounting and comprehensive school audits impose extraordinarily difficult and complex responsibilities on state educational agencies and local school districts. In these and other regulatory areas, much can be done to expedite and simplify program administration at all levels.

Finally, it is our belief that the time has come for a thorough reexamination of the school nutrition programs, taking into consideration the various program issues described in this paper. It is hoped that such a procedure would include the establishment of short and longer range goals that would guide the future development of these programs and lead to increased efficiency of operation.

The American School Food Service Association would be most willing to cooperate in any special study or other endeavor designed to improve the quality and strengthen the effectiveness of nutrition programs for our nation's children.

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

THURSDAY, APRIL 21, 1977

House of Representatives,
Subcommittee on Elementary, Secondary and
Vocational Education of the Committee
on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 8:40 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Blouin, Simon, Zeferetti, Miller, LeFante, Weiss, Heftel, Kildee, Quie, Buchanan, Pressler and Goodling.

Chairman Perkins. I am delighted this morning to welcome one of our former colleagues before the House Committee on Education and Labor, Secretary Bergland who has been, as you all know, one of our outstanding Members in the House of Representatives and we are all delighted to see him in the Cabinet as Secretary of Agriculture. He understands the problems of farmers and the people in general in this country.

I am delighted to welcome Secretary Bergland here this morning and Ms. Carol Foreman who is accompanying the Secretary. She is the Undersecretary of Agriculture. Mr. Secretary, I thought perhaps that one of your former colleagues from Minnesota who happens to be the ranking minority member on this committee may want to say a word.

Mr. Quie. Thank you, Mr. Chairman. I will make this brief. I think Bob Bergland is the best Secretary of Agriculture we have ever had. I am proud to be a Minnesotan. Knowing where Bob comes from, serving with you in the Congress as I have and knowing you as a person I see nothing but good in you and appreciate what you are doing, Bob.

Chairman Perkins. Any other comments?

Mr. Le Fante. Mr. Miller.

Mr. Miller. I would just like to echo the comments of the chairman. I think he is the best Secretary of Agriculture we have ever had also.

Chairman Perkins. All right. Thank you.

Go ahead, Mr. Secretary.

STATEMENT OF HON. ROBERT BERGLAND, SECRETARY OF AGRICULTURE

Secretary Bergland. Thank you very much, Mr. Chairman.

I would like to introduce those who are with me at the table. I think most of you have heard about or know Carol Foreman who is now Assistant Secretary, Food, Nutrition, and Consumer Matters, in the Department of Agriculture who is accompanied by Mr. Lew Straus who is the Administrator designate, the Food Nutrition Service on my right.

On my left is Bob Greenstein, an advisor to me on nutritional matters in the Department of Agriculture, and Mr. Gerry Boling who is the manager of the Child Nutrition Division.

I am pleased to be here this morning, Mr. Chairman. We have a prepared statement which is not very lengthy and deals with all the matters we have come to discuss in some detail and I think it might save us all time if we were to proceed through the statement. I don't believe the members have had a chance to see it prior to this moment.

Chairman Perkins. It is all right, Mr. Secretary. It is a statement that we can all understand so go ahead.

Secretary Bergland. I am going down to the second paragraph, Mr. Chairman.

Chairman Perkins. All right.

Secretary Bergland. The summer food program has encountered very serious problems in recent years. There is no question that there has been abuses. We have seen the overordering of meals, spoiled meals, and allegations of fraud and collusion between sponsors and vendors. Last summer, problems were especially severe.

Let me pledge to you, my former colleagues in the House, that I am determined to see that these problems are corrected. I am committed to working together with you to reform this program so that it more effectively operates as the Congress intended.

We have already been hard at work and on March 1 published regulations that represent a significant overhaul of this program. The new regulations are specifically designed to tighten program administration and minimize the problems we encountered last summer.

The new regulations provide much stricter control over certification operation and monitoring of the summer program at all levels. The changes we have made in the new regulations include: States are directed to deny the application of any sponsor that ran the program in any previous year and was seriously deficient in its operation.

States are also directed not to approve sponsors who do not provide an ongoing year-round service to the community, except in the cases of residential camps, programs for children of migrant workers, and instances where no program would otherwise be available to provide food to needy children.

Where competing sponsors apply to serve the same area, States must give priority to sponsors operating only onsite, to sponsors preparing meals onsite rather than those using vending companies and to schools. Priority will not be given to private organizations proposing to run large programs and to secure meals through private vendors.

States are responsible for closer examination of sponsors and sites before approving them. In cities with public school enrollments of over 75,000—the areas that have witnessed the greatest problems in recent years—States are required to visit every nonschool site in the city before approving such sites.

Every sponsor must be audited. In the case of sponsors receiving over $50,000 in program funds, the sponsor must hire an independent CPA to conduct the audit and must present the audit to the State before it can receive final settlement of its claim for reimbursement. In the case of sponsors, receiving less than $50,000, the State must conduct the audit itself.

States are directed not to approve any site to serve more than 300 children a day, unless State personnel inspect the site and determine that it can accommodate the service of more than 300 children in a well-managed fashion.

States are also required not to approve any sponsor to operate more than 200 sites, or serve more than 50,000 children, unless the sponsor demonstrates to the satisfaction of the State that it is capable of managing a program of that size without jeopardizing program integrity.

States must work with sponsors to develop specifications for the quality of food served.

A variety of changes are made in bidding procedures to prevent collusive bidding. States are required to develop standard contracts which sponsors contracting for food service must use. Sponsors must submit to the State for approval their plans for the synopsis of "invitations to bid." All bids that exceed the lowest bid by more than 2 cents per meal must be submitted to the States for approval. The State must be present at the opening of all bids for large contracts. Vendors must obtain bid bonds and performance bonds.

The changes should make a substantial difference. However, we do not feel they are sufficient to resolve all of the issues regarding this program. Some issues need legislative changes. We would therefore like to present to the committee today the administration's proposals for a number of legislative alterations in the summer feeding program and for extension of the program through fiscal year 1978. The changes we are proposing are designed to tighten up the program.

There are two reasons why we are suggesting only a 1 year extension at this time. First, we would like to study very carefully this summer's program in order to ascertain the impact of our new regulations and to determine what further changes beyond those we will be discussing here today may be needed. In addition, we plan to undertake a review of all of our child nutrition programs and to develop the administration's strategy for the future directions the child nutrition area should take.

Based on the results of our study of this summer's program, and our review of the child nutrition area in general, we will develop legislative proposals for presentation to the Congress next year.

These proposals will be aimed at the fiscal 1979 budget year and succeeding years.

The proposals we submit for your consideration today include the following revisions and clarifications in section 13 of the National School Lunch Act:

One: An incorporation directly into law of the provisions of the new regulations barring sponsors who were seriously deficient in prior program operations, or who cannot demonstrate adequate administrative and financial responsibility. We would also write into law the new regulation barring sponsors who do not provide an ongoing, year-round service to the community, unless such sponsors are the only institutions in the area available to serve needy children.

Two: A parallel disqualification of vendors who were seriously deficient in the past or who lack adequate financial or administrative capability.

Three: A provision to prevent program dollars from going to large numbers of nonneedy children at camps. Currently, a camp can enter the program and receive reimbursement for the full cost of meals served to all children so long as one-third of the children meet the eligibility standards for free or reduced price meals. We would change the law so that camps would be reimbursed only for meals served to children who meet the eligibility criteria for free or reduced price school meals.

Four: A provision giving authority to USDA to modify the reimbursement rate structure now written into law, if, after appropriate study the Department determines that the current rates for food service operations—other than administrative costs—are too high.

Five: A similar review of the reimbursements paid to sponsors for their administrative costs. At present, sponsors can receive up to 6.75 cents per lunch for administration and this formula can encourage sponsors to inflate the number of lunches served. We would delete the current administrative rate structure from the law and direct instead that the Department prescribe a new rate strucure afer appropriate study. We wish to examine new rate structures that take economies of scale into account and that do not encourage sponsors to inflate their meal counts. In addition, we would like to examine whether schools should be permitted higher administrative reimbursements than other sponsors.

Six: A restriction that sponsors may serve more than one meal per day only if they have the administrative, food preparation and food storage capabilities needed to manage a multiple meal service.

Seven: A limitation on the amount of advance credit any sponsor may receive—except in limited circumstances where the State determines that a school or a sponsor preparing meals onsite needs larger credit to operate the program and where the sponsor has the administrative and managerial capability to justify larger credit. Our belief is that small sponsors running good programs for children from their community may need credit in advance but that the larger operations can get by without advance credit of the magnitude to which they are entitled under the current law. We propose to limit monthly advance credit to any one sponsor to $40,000.

Eight: A modification of the formula under which States receive Federal funds with which to administer this program. Under the current statutory formula, States with a $45,000 program receive only $900 in administrative funds. States with a $50,000 program receive $10,000 in administrative funds but States with a $500,000 program still receive only $10,000 with which to run the program. Due to the inequities of this formula, two States with moderate size programs have declined to administer the program. Other States do not have the staff they need to run the program well.

We propose a new formula instead. States would receive an amount equal to 20 percent of the first $50,000 in program funds distributed in the State the previous year, plus 10 percent of the next $50,000 in funds, 5 percent of the next $100,000 funds, and 2 percent of all funds after that. The Secretary would be authorized to adjust the amounts going to individual States to reflect changes in the size of the State programs since the previous year. This new formula would provide the greatest percentage increase for States with small programs. The total additional cost of the new formula would not exceed $500,000 per year nationwide. This subsection also directs USDA to set State standards to ensure sufficient staff for proper planning and administration and to withhold administrative funds from any State failing without good cause to comply with these standards or to carry out the approved State plan.

Nine: A requirement that States register vendors. The registration process would include certification that the vendor meets health, safety and sanitation standards and a disclosure of any relationships between officials of the vending company and any sponsor or vendor that participated in the program in prior years.

Ten: A provision that the Department set requirements for contracts with vendors, including bonding requirements, procedures for review of contracts by States and safeguards to prevent collusive bidding.

Eleven: A requirement that sponsors submit their administrative budget for approval, in advance, by the States.

Twelve: A new requirement for the promulgation of model meal quality standards for contracts between sponsors and vendors, and for administrative actions to insure that sponsor-vendor contracts meet acceptable food quality standards.

Thirteen: A requirement for earlier publication of regulations, handbooks and applications to allow for better program planning.

Fourteen: A reduction in the amount of start-up funds that a State may provide to a sponsor—from 10 percent of a sponsor's anticipated total reimbursement—which we think is too high—to 20 percent of a sponsor's approved administrative budget.

Fifteen: A requirement that priority in running the program be placed on sponsors who prepare meals on-site and in schools.

Sixteen: A requirement that State plans must include time-tables for training, plans for monitoring and inspection, plans to correct violations, plans for registering vendors, plans for auditing sponsors and appeal procedures.

Seventeen: Tough criminal penalties for fraud in connection with the summer feeding program.

I would also like to inform the committee that we are moving ahead with audits and investigations to uncover misuse of funds in past operations of this program. The Office of General Counsel in the Department is now conducting a thorough review of these investigations and, where appropriate, is referring matters to the Department of Justice.

Moreover, last month I created an Office of Inspector General within the Department. The Inspector General will have far-reaching powers to monitor operations of the Food and Nutrition Service and of other agencies in the Department. This office will report to me regarding findings concerning USDA food programs, including the 1977 summer feeding program.

Before moving on to other child nutrition programs there is one additional point I would like to make. It is that while this program has had serious problems—and has involved unscrupulous sponsors and vendors—the large majority of sponsors in this program across the Nation have been honest and have been doing a reasonable job. I am sure the committee will be surprised to learn, as I was, that 70 percent of all sponsors either prepare their meals on-site or at schools, that 77 percent of the sponsors have fewer than 10 sites and that the typical sponsor serves only several hundred children. These small sponsors, who include many churches, schools, settlement houses, YMCAs and YWCAs, girls and boys clubs, the Boy Scouts and Girl Scouts, the Extension Service, the Salvation Army and other community based agencies are generally not the sponsors who have been making headlines because of mismanagement of this program.

The proposals we are presenting would also revise the non-food assistance program. This program provides funds for the purchase by schools of food service equipment needed for the school lunch and breakfast programs.

For the past 5 years a portion of the funds appropriated each year for non-food assistance have been reserved for high priority uses. In fiscal years 1973, 1974, and 1975 50 percent of all non-food funds were reserved for use in no program schools—schools without any food service program for their children. The Congress had determined that bringing these schools into the school food programs—and serving these children for the first time—represented the highest priority for non-food assistance funds.

In fiscal years 1976 and 1977, one-third of the non-food assistance funds were reserved. These funds could be used either to equip no program schools or to equip schools lacking the facilities to prepare or receive hot meals. This means that a school able to serve only a cold lunch could qualify for these reserved funds.

The Department proposes that the percentage of funds reserved for high priority uses be returned to 50 percent and that the number of schools eligible for these priority funds be enlarged. We propose that schools that are unable either to prepare and cook their own hot meals or to receive hot meals cooked in a satellite kitchen operated by the school district be eligible for reserved funds. This would mean that schools equipped only with convection ovens to heat frozen, preplated meals could qualify for reserved funds so that such schools could begin cooking their own meals on-site.

We are recommending this change because of our serious concern over the plate waste and meal quality programs in many schools where frozen, preplated meals are served.

Our proposal also provides that nonfood assistance funds—both reserved and unreserved—be used only to provide equipment for cooking and preparing meals at schools—or at satellite schools or central kitchens operated by the school district—unless a school demonstrates to the State that an alternative method of meal preparation—such as a convection oven to heat frozen, preplated meals—is necessary to start a school food program, to keep a program in existence or to improve the consumption of food or the participation of eligible children in the program.

We believe that in many circumstances it is an unwise use of Federal non-food assistance money to dismantle a kitchen used for on-site preparation and to replace it with a convection oven for heating the frozen, pre-plated meals.

We recognize that some States will oppose an increase from 33⅓ percent to 50 percent in the proportion of equipment funds that are reserved. However, we believe that it is proper to target 50 percent of these funds on the schools where they are most needed—the schools with no program at all and the schools unable to serve a hot meal cooked by the school or the school district.

We recognize these proposals may also meet with some opposition from the manufacturers of the frozen, pre-plated meals. However, we view our proposed changes as a part of an intensified Department of Agriculture effort to upgrade the quality of school lunches and to reduce platewaste.

We should add that we also intend to review the procedures under which schools are allowed to claim the depreciation of food service equipment as part of the ongoing cost of the school lunch program and the appropriate relationship of these procedures to the non-food assistance program.

Finally, we would like to discuss the programs under which the Department of Agriculture purchases and donates commodities to child nutrition programs and the title VII elderly feeding program. We support these commodity purchases and plan to continue them.

Section 14(a) of the National School Lunch Act is one of the several places in that act in which commodities are mentioned. Section 14(a) expires on September 30, 1977.

We have not yet reached a decision on whether to request an extension of section 14(a). Having said that, let me explain that the issue is purely one of whether section 14(a) simply duplicates the commodity purchase authority contained in section 6 of the National School Lunch Act and section 707 of the Older Americans Act. If our lawyers conclude that the section 14(a) authority is duplicative, we will not request its extension. Conversely, if the lawyers conclude that section 14(a) is necessary to insure an adequate supply of commodities for child nutrition and elderly feeding programs, then we will seek its extension. In either event, it is our intention that the actual commodity deliveries continue.

In closing I would like to observe that on a number of occasions in the past when Congress considered child nutrition legislation, new programs or new components of existing programs were added into law. The Department is planning to review the entire child nutrition area before next year. We request this committee and the Senate Committee on Agriculture, Nutrition, and Forestry not to add any new programs or program components this year. Let us work together to study what we now have and work together next year to chart what should be done in the future to strengthen our efforts in this very important area.

Mr. Chairman, that concludes our recommendations and we are prepared to stand by to answer questions that you may have.

Chairman PERKINS. Let me compliment you, Mr. Secretary, on a statement that I think was very timely, especially in view of the fraud that has taken place in the summer feeding program.

I am sure you realize that in the summer of 1975 we spent $65 million and in 1976 we spent $169 million in the summer feeding program. As you stated most of the programs were on sound ground and they were well administered. The greatest problem that we have had has been in the New York City area.

I certainly appreciate the suggestions that you have given the committee. To my way of thinking the Department's regulations will go a long way in preventing fraud. With regard to the summer feeding program in New York City do you have any special plans next year such as a task force to oversee that program during the summer of 1977 until we get this situation cleared up?

Secretary BERGLAND. Mr. Chairman, may I yield to the person who will be the administrator for these programs once he gets cleared through the process?

Chairman PERKINS. Yes.

Secretary BERGLAND. Mr. Straus.

Mr. STRAUS. Mr. Perkins, over the past 4 months the Department's Washington staff and its mid-Atlantic regional office staff have been working with State authorities in an attempt to develop a program this summer which will not have the major problems that we saw in New York City last summer. This work has included joint preparation of an application for research and demonstration grant under section 10 which would provide schools with the capacity to participate in the program in New York City this summer.

It has also included close coordination in the process under which potential sponsors' past records are reviewed. It has also included a variety of suggestions concerning bidding and tightening bid specifications. We intend to put a staff of 60 additional people in the regional office this summer to work specifically on the problems in New York City.

Chairman PERKINS. Well, our only problem here is writing legislation that we can defend on the floor. We want to see this program continue in future years, carry out its primary purpose: to feed the children that really need it.

Now, Mr. Secretary, the General Accounting Office recommended to the committee that eligibility for sponsorship under the summer program be limited to public agencies and private nonprofit residential camps. You are recommending, that we leave the law as it presently is allowing nonprofit, private organizations to participate. Do you feel that the regulations you have promulgated will effectively reduce program abuse by these private sponsors?

Secretary BERGLAND. Mr. Chairman, we feel that the controls we have put in place will recommend the program sufficiently well so as to keep the integrity.

Do you have any comment, Mr. Greenstein?

Mr. GREENSTEIN. It would be nice, Mr. Chairman, if there were a much larger number of schools who were willing to run this program. At present I believe the figure is that only somewhere around 2 percent of the schools in the country do run the program. The reality of the situation is that in many areas of the country, especially small towns and rural areas, there are Boy Scouts and Girl Scouts, YMCAs, YWCAs, churches, and settlement houses that run good small programs at their facility and if we prohibit them from participating in it——

Chairman PERKINS. We do not intend to prohibit those people. We intend to handle them just like we did in the original School Lunch Act. When the public people were not available, the public schools would resort to private non-profit agencies such as the YMCA, but be most careful in the selection of those types of private sponsors.

Mr. GREENSTEIN. We are suggesting a priority system be written into law where we can look at the more capable sponsors first so it is along the lines you are suggesting very much. We want to have the authority to be able to approve private sponsors if they are capable of running the program, if they have the administrative and financial responsibility, if they provide an ongoing service to the community, if they are capable then we would be able to approve them.

Chairman PERKINS. Now the present law for the summer program permits a sponsor to run a program in any area where you have one-third poor children. As I understand it you are not recommending the changes that the GAO recommended: that you must have at least 50 percent poor children. Why did you decide to extend the present law?

Mr. GREENSTEIN. Our understanding of the General Accounting Office testimony here was that they themselves were ambivalent and of two minds about this very point, that they pointed out that there might be a question as to whether the one-third criteria was too low. On the other hand, they also pointed out in their testimony that if this provision were raised, some numbers of needy children now served would be left out of the program. A part of our concern is that it is difficult to document the number of needy children in an area who are eligible for the free or reduced price lunches.

If, for example, one looks at the number of children in a school in the area that is served, if that school is an integrated school in which there may be some busing or something of that sort, the school may have a lower-than-50-percent enrollment that is eligible for free or reduced-price meals and yet the immediate geographic area around the school might be well beyond that. There were some problems in earlier years when there was a higher percentage of some clearly needy areas not being able to get into the program so it is our feeling that the proper way to go is to retain the one-third definition, to tighten up considerably in situations where we know just which children are there from day to day and to limit reimbursements to those eligible for the meals, and to work with the States to give them more resources to do tighter administration of making sure that the area definitions and the eligibility criteria are properly documented by the sponsors.

Chairman **Perkins**. While we are on the subject let's get back to New York City. Mr. Straus, has New York City agreed to run the program or will the Department have to run it directly?

Mr. **Straus**. Mr. Perkins, as of today the State has not voted participation in the program this summer which is required through action of the board of regents. There is a meeting to be held this week by the New York State Board of Regents at which time it will take action on participation in the program.

Chairman **Perkins**. Now I will not consume the time of the committee but I want to compliment you on your statement about the commodities. We have got a big program in this country. That section expires and we have got to reenact it. I would hate to see the day come when we did not have the commodities as a measuring stick because I believe if we did not have the commodities the cost of the school lunch program would be $4 billion a year from now, instead of $2 billion.

But be that as it may, Mr. Secretary, there is much controversy about whether we should let the school districts purchase the necessary food with cash instead of commodities. That question first came before this committee in 1973 after the Russian grain bill when the bins were empty in this country and we had to resort to that provision. Congressman Quie and I and many others wrote into the law that the local communities when they could not get the commodities could have cash in lieu of the commodities.

Do you feel that we should hold fast to our commodity program? The GAO has stated that in large cities of the country where they can buy in huge quantities the large school systems have been able to operate just as an efficient program, in a few instances perhaps more efficient, but in the smaller areas of the country, sections, where you do not have this tremendous purchasing power and you purchase on a limited scale that this system is much more inefficient.

Now the GAO found that in some instances the commodities provided to local schools were late or unpopular. What efforts are you making to have the commodity program work more effectively?

Secretary **Bergland**. Thank you, Mr. Chairman.

Mr. Chairman we share your view in the role of commodities. Because of the Department's block buying power we have certain economies that we can achieve which cannot be achieved if it is diffused throughout the country. That is not to say, however, that this matter is without its problems. The gentleman from Iowa, Mr. Blouin, has drawn my attention to a problem that has been well written in his State and we are aware of these matters.

May I yield to Mr. Straus who would like to say something not about Packerland necessarily.

Mr. Chairman, Ms. Foreman is the resident expert on this matter.

Ms. **Foreman**. Just one word about the Packerland case. The General Counsel's Office at the Department right now is drafting amendments to the Meat Inspection Act and may potentially bring you a suggested amendment for this Act. On the Meat Inspection Act we have problems with companies because we have very little ability to completely prohibit them from reinstating inspection. They can be on the problem list year after year after year; the minute they clean it up we have to reinstate inspection. We would like to amend the law to be able to suspend them for specified periods of time and if they were suspended, of course they would not be eligible for purchase of their products under this Act.

We may find it necessary to amend this Act in addition to limiting the use of products from companies that are consistently out of line with the Department's inspections.

Chairman **Perkins**. Let me suggest this, Miss Foreman. On page 3–I of the General Accounting Office report I find this. "Commodity cost to the larger districts seem to be comparable to the Department's"—comparable to the Department's—"but cost to the smaller districts appear to be higher." Then it says, "See pages 35 and 36." That is the summary there in the front.

I would think, observing the school lunch program and working closely with it for the past 25 years, if you do not have these commodities as a yardstick in measuring costs that we will be in for a spiral of inflation in connection with our school lunch program. I readily see your viewpoint but would you have objection to leaving it optional and not change the commodity provision except leaving it optional and let a study go ahead for about a year or so or 2 years? I think Governor Simon intended to offer an amendment in there or Mr. Quie, one. I know we discussed it here and hold fast to the commodity principle and where the States or the localities feel that they can be better served with commodities give them that option. You have no objection to that?

Mr. **Straus**. Well, Mr. Perkins, we have no objection to the study but we sense that the problem you have outlined, which is that certain school districts which are not near sources of distribution of the commodities and which have low volume of pupils in attendance, have a difficulty in affecting the same cost savings which larger districts do. It is our hope that the distribution method of commodities made available for schools could be improved. As this happens we would hope that schools in nonurban areas would have a greater capacity to use the high quality commodities which the Department can make available and which on a cost basis are superior to what could be bought locally.

Chairman **Perkins**. Let me only suggest this. Watching this work over a long period of time I firmly believe the General Accounting Office is right in its summary where they state that the commodity cost to the larger districts seems to be comparable to the Department's but cost to the smaller districts appears to be higher.

Mr. Quie.

Mr. QUIE. Thank you, Mr. Chairman.

In the colloquy with the Chairman I thought I heard that we ought to continue the commodity program as we have and make that option available to the schools, but if a school would choose to secure its food in a different way, then we would permit that. For instance, if they can secure at a lower cost the commodities that they want, then we will permit them to do that.

Mr. STRAUS. May I ask Mr. Boling to reply, Mr. Quie.

Mr. BOLING. If you will recall, when the Kansas cashout question came up the issue was that Kansas had arrived at a point where they didn't feel that they could any longer support a distribution system within the State of Kansas as the food stamps took over the commodity distribution program for families; thus they were looking for another way to finance that distribution structure. At some points depending on the number of schools, their size, we would lose the ability to distribute commodities in many States, I believe, and that the States could no longer afford to support a distribution structure which has served particularly the small schools very well.

In many States the commodity distribution is supported by the school systems themselves. Generally there is an assessment applied to the schools of about 5 cents a case, as I recall, for dry storage and something more for frozen foods so therefore the fewer numbers of commodities actually being distributed to these schools would raise that particular cost that is passed on to schools. The Federal Government or the States often do not finance that distribution structure, meaning the central warehousing, if they have it. The administrative staffs of the State administer this program.

Mr. QUIE. That means if a school district feels that it can't operate more efficiently and less expensively outside the commodity program it would be forced to stay in there in order to help pick up the costs for the other smaller and less efficient schools.

Mr. BOLING. Well, I think there are questions here involving whether or not the USDA can provide better timely delivery and have a better distribution system to those cities.

Mr. QUIE. Should that not be the school district's determination?

Mr. BOLING. Again what I am suggesting, and it is only a speculation because I don't know how many school districts would actually choose cash in lieu of commodities in a particular State, but a number of major city schools choosing cash could decide for the State whether there would be a commodity distribution program for that State.

Mr. QUIE. Let's use an example because the turkey growers have talked to me. What if a school district could work out a better arrangement with a turkey plant that normally is done through USDA. Why should we prohibit them from working out that better deal and using that cash in order to secure those turkeys instead for themselves? I am not talking about the State because I recognize the problem that exists here. I am talking about the school districts.

Mr. BOLING. Well, there are a couple of elements. One of them is perhaps the processing type of arrangement where we do make arrangements available to a local district where they can contract directly for the USDA commodities in the form that they would wish. I believe the statement, however, that you directed at whether or not a school could buy it cheaper at that particular point than perhaps USDA is buying it—for the same quality?

Mr. Quie. Yes; for the same quality.

Mr. Boling. That is the question.

Mr. Quie. For instance, they may have a big canning company in their area and they want to do it that way.

Mr. Boling. This goes to the statement of the Secretary earlier that the USDA does have block buying power. It is a matter of timing decisions that the Secretary must make and often the effectiveness of those purchases depend on its time of announcement as far as the impact on the industry. I will defer to the Secretary.

Mr. Quie. I recognize that but the Secretary is not going to make his judgment on whether to buy or not depending on whether a few districts are in it or out of it.

Mr. Boling. It becomes a point whether or not you have a distribution structure, I suppose, and again I will just go again to repeat that in the case of certain concentration of major city schools going for cash you could very well lose that distribution structure in the State.

Mr. Quie. It seems to me it is the same frame of mind where everybody has to do exactly what the Federal Government says. Remember before when we were going to give the students the opportunity not to take food that they don't want in the high schools. There is a big concern that students are having too much starch and they don't want to take that. We finally did change the law but the USDA and the food service people say: Oh, no; don't let anybody have any decision locally. We are so intelligent in the USDA that nobody else can make those decisions and I just don't accept that.

Mr. Boling. I understand and I don't mean to come across in that way, but I am suggesting one factor is that in the assumption that the distribution of commodities costs money and in these studies these costs are taken into account that there is an administrative structure; that the same private turkey manufacturer has an administrative structure as well but there is that administrative structure and it does cost money. At some point if you lose that administrative structure—the writing of specifications, the delivery, the timely followup on carloads that are mishandled or all of these questions—if you lose it, then you no longer can distribute commodities in the way that we are now doing it. I will admit there are a lot of things that we can do to improve this program.

Secretary Bergland. Mr. Quie, if I might respond briefly to that, it seems to me it has a lot to speak for it and it is a matter we are going to take under advisement. I was not aware of this particular limitation and it is something we are going to examine very carefully because I think it is an area that we can make some changes so that it makes good sense and still protect the integrity of the Department's commodity program.

Mr. Quie. As I understand the views of the Department, we would sooner put out cash rather than commodities. That means that the schools would not be able to buy as much food with the same amount of outlay of Federal money. If you go to a State like the State of Kansas, there are many school districts who cannot do as well and need that kind of help, and that I recognize, but I don't see why the State can't run its distribution program.

Now it would be true, as in Minnesota with 435 school districts, that if we have 430 of them saying we are going to go alone and only five want the commodity program, that would be ridiculous, but that would not happen. Here we are talking mostly about some school districts that would run their own efficient operation or there is a supplier who is willing to do that for the school. I have run across suppliers who would provide it for less than the Department of Agriculture could do it and yet they are denied the opportunity to do it.

Secretary Bergland. Mr. Quie, we are aware of the posture taken by the chairman. This makes good sense in the matter of meeting the yardstick so we have some basis, so the school knows whether it is getting a buy or whether it is being ripped off in these prices. So we need to maintain that effect at all times so that schools can measure against that which we are able to manage. I think though that we should reexamine carefully the issue which you have raised and that is the question of authorizing the school district who is in proximity to a unique packing plant or vegetable distribution point or something of that nature that enables them to get a better buy in that particular item so they ought to be able to do so. I think now it is something we have to examine carefully to see what kinds of administrative problems may arise but we are not necessarily wedded to the past. The only thing certain these days is that tomorrow will not be like yesterday.

Mr. Quie. One other comment, Mr. Chairman, that has to do with the summer feeding program in the private organizations. When a city like New York has abused the program so badly in previous years, and this was a number of years ago, and then we have the same thing happen again this last summer where you are speaking of one organization or one corporation making a million dollars in 10 weeks, I think we probably tie your hands in a way you could not handle it properly. As much as I believe in private organizations, I am ready to say that either the schools assume the responsibility in New York City or else they don't get the summer feeding program. We have a concern for needy children but there ought to be some tenderness of heart on the part of the school authorities in New York too.

Secretary Bergland. Mr. Quie, that is a very valid point, too. I was first made aware of the New York feeding problems by the lady from New York, Mrs. Holtzman, and I proceeded to find out as much as I could learn. I must say I was very impressed by the inventive genius of some people up there who found more clever devices to get into our pockets than I thought was possible, so we have moved hard on those people and we are aware of them now and we have their numbers and our Office of Investigation is continuing in that regard. We are not going to let this happen or continue because if it goes on unchecked, obviously the public confidence in the whole program will be undermined, you will be under enormous pressures to terminate it as would we, and that would be a disaster. So we are going after those who have invented these schemes.

Do you have a comment on that, Mr. Straus?

Mr. **Straus**. Mr. Quie, last summer something over a million children in New York City participated in the program. The city schools have suggested this summer participation at a level which would involve 131 schools but no more than 100,000 children. It is our feeling that somewhere between that 100,000 level and the higher level of last summer is the area of children really in need who ought to participate in the program and it would seem inconceivable that the city's plan for participation in the summer is adequate to reach a large number of those children.

The question then is whether or not good nonschool system sponsors from last summer should be certified to participate again this summer and we feel they ought to be, that we have got to be able to distinguish between bogus sponsors serving poor meals and good sponsors serving decent food in surroundings which made a contribution to the summer of these children.

Mr. **Quie**. Looking at the ability of auditing I have a suspicion that some of those "good" sponsors may actually be bogus sponsors who have not been caught yet.

Ms. **Foreman**. Yes, sir, but I would want to point out that our Office of Investigation has been at work with the FBI and the grand jury in New York on a number of sponsors up there and of course anybody who is found deficient in the program operation last year—and our Office of Investigation is a very impressive group of people—will be precluded from participating in the program this year. So we certainly have weeded out a large group of those people.

Chairman **Perkins**. Mr. Blouin.

Mr. **Blouin**. Mr. Chairman, I have only one question that I would like to get into. Maybe first I would just like to make a comment to the reference Ms. Foreman and the Secretary made to Packerland. The chairman has agreed, and I want to thank him publicly for this, to have a day of oversight hearing specifically to that problem sometime before the full committee marks up the legislation sometime after our subcommittee does.

Chairman **Perkins**. This is off the record.

[Discussion off the record.]

Mr. **Blouin**. I want to thank the chairman for his willingness to bring this thing to a head.

The area I want to get into has to do with consistent comments by witnesses both last fall and again this year on the paperwork problems in complying with the USDA regulations both in the paperwork identifying eligibility factors for students in the program itself as well as the criteria for being eligible for the program overall.

Have you given any thought to trying to develop ways of streamlining this thing to cut down on the cost involved from the other end?

Secretary **Bergland**. I don't know anything about it, Mr. Blouin. Can you help?

Mr. STRAUS. Mr. Blouin, I think you are referring largely to the school lunch and school breakfast criteria.

Mr. BLOUIN. I am sorry, I should have qualified that. Yes, I am.

Mr. STRAUS. It is our feeling that the problem is less that particular standard of qualification than the fact that under a number of our programs there are varying eligibility criteria, and I think it is in this direction that we have to move over the next year in the course of that general review of our program that the Secretary and the Assistant Secretary spoke of: That if there were a single standard of eligibility applied as broadly as possible across the many programs that we run, then that burden would be less onerous and quite possibly the paperwork with it would decrease to the point where it could be handled simply. At present we are required by statute to certify each child on an individual basis on the breakfast and lunch program and I think this does have the capacity to respond to the different needs of children from different income groups. But you are right; there is a lot of paperwork and I think we have got to work toward simplification, yes.

Mr. BLOUIN. I think the concern of the many witnesses had to do with the labor cost involved at their end in getting the paperwork assembled, and if there would be some way of even shortening the amount of information and still coming up with this individual eligibility that the law does mandate, I think you would find some ways of decreasing the local cost to a terrific extent.

Mr. STRAUS. We will look into it.

Mr. BLOUIN. Beautiful. Thank you.

Chairman PERKINS. Mr. Simon.

Mr. SIMON. A couple of comments first. A week ago last night I was in a debate with one of your predecessors, former Secretary of Agriculture Earl Butz, at Purdue University and in the course of our exchange he said, "I will tell you one thing, when I was Secretary of Agriculture I didn't need an Assistant Secretary for Consumer Affairs." I pointed out in response that I thought the day was past when only labor unions should be interested in the Labor Department, only businesses in the Commerce Department and only farmers in the Department of Agriculture.

I think the school lunch program is a great illustration of why the kind of office that you hold is important. We don't want the cranberry farmers from New Jersey forcing the Department to give all the schools way more cranberries than we need without a balance of some other things. I wish I had thought of that at the time. I didn't think of that good illustration.

One general comment. I polled the school districts in my district whether they would prefer cash or commodities and it came back 53 to 20 that they prefer commodities to cash. I was discussing this with my colleague from Iowa here, Mike Blouin, that in Iowa they did a similar poll—one that came up with somewhat similar statistics.

Beyond that I have no questions, Mr. Chairman. I have been waiting for——

Chairman PERKINS. Thank you very much.

Mr. **SIMON.** Let me just add this before I get cut off completely, Mr. Chairman. I have been waiting for 3 months to get the new Secretary of Agricutlure before me. I wanted to get a good tough question but I cannot come up with one that is tough enough so I want to pass right now. [Laughter.]

Secretary **BERGLAND.** Mr. Simon, I thank you very much for your kind words. May I say briefly in response to the charge about the Department of Agriculture or about me taking leave of my senses in recommending a person such as Carol Foreman and others who have been continuing critics of the Department of Agriculture, Bob Greenstein is one of the all time greats, and we thought they were so good we hired them and found that experience to be invaluable, Mr. Simon. We in the Department of Agriculture are broadening our base of interest, broadening our horizons beyond our own shores, as a matter of fact. We are in the process of developing by stages a food policy for the United States that must be based on more than just the interests of narrow commercial agriculture. It is important but it must go beyond that obviously.

There have been some questions raised about whether the Department of Agriculture should run a food stamp program. Mr. Simon, we think we are the best Department in town; we are going to make it better. We can run that program as well as any and better than most, and that holds true with most of these food programs that represent $9 billion. Two-thirds of the USDA budget goes into these feeding programs and that is why we are interested, of course. That is why we are hiring people who can bring to the Department people interested in public feeding programs and they are Ms. Foreman and Mr. Greenstein and Mr. Straus. The lady over on my right has not been introduced, Miss Margaret Glavin who is the acting head of the school feeding branch. These are the folks and their associates I think who rank among the best in the United States.

Mr. **SIMON.** I just commend the new Secretary, I think he is doing a great job and I think the people of America appreciate it, too. I have no more questions.

Chairman **PERKINS.** Mr. Buchanan.

Mr. **BUCHANAN.** Mr. Secretary, I, too, commend you for moving, first, so promptly and aggressively on this distressing situation with the summer feeding program. I am really impressed with the actions you have taken in terms of regulations and legislative suggestions. I would like to say it is very reassuring to hear you say what you just said because I think you are aware of the continuing commitment of the Congress and of this committee to the various nutrition programs given the fact that malnutrition, particularly in early years of childhood, can have a permanent limiting effect on individuals.

Given the fact that we are only meeting a portion of the need, there has been some concern, as you know, in some corners, that the Department of Agriculture does not have enough commitment to making the nutrition programs work and that this might have been part of the problem, for example, of the summer feeding programs. I think your personal commitment permeating the Department will make a great deal of difference.

Secretary BERGLAND. Thank you very much, Mr. Buchanan. I am keenly interested in this matter and that is why I am here this morning. With reference to your comment about the nutritional needs of the human body, we are well aware of our deficiency in that regard. The Department of Agriculture probably knows more about the nutritional needs of the dairy cow than they do the human body. We know there is a linkage between the deficient diet of the pregnant mother and the behavior of the child. We don't know much about it. We ought to be learning and we would like to. We think somebody should.

Mr. BUCHANAN. Well, we can count on, as this Carter program unfolds, your active interest in making the most of these programs. From what you say I think it is tremendously important to the country.

Secretary BERGLAND. Thank you, sir.

Mr. BUCHANAN. I did not mean to be making any kind of an attack on the people who have been involved in the programs themselves. They have been good people all along but they were not running the country and I think it is very important that we have the kind of national commitment and Government commitment to this problem that it requires.

Secretary BERGLAND. Thank you very much, sir.

Chairman PERKINS. All right.

Secretary BERGLAND. Mr. Chairman, if I may, I am going to be obliged to leave in about 6 or 7 minutes but my associates will stay. So if there is anyone who has something they would like to direct at me——

Chairman PERKINS. Let me first start with Mr. Zeferetti.

Mr. ZEFERETTI. Basically I would like to get back to New York City because we are the culprits of the whole thing.

Mr. Straus, you said earlier, and correct me if I am wrong, that the State has not applied for this year's program and has not fulfilled their obligation in meeting program requirements for this year's program.

Mr. STRAUS. Yes, Mr. Zeferetti. It is my understanding that the State board of regents is meeting today to formally vote to participate in the summer feeding program. Thus far they have not.

Mr. ZEFERETTI. Is there a time factor for applying?

Mr. STRAUS. Planning is going along a pace under the assumption that they will participate. Surely a formal commitment has to be made immediately because otherwise there will be some slippage. It is our understanding, however, that both the city and the State have continued the planning and prior work required to be part of the program this summer. In fact, there is something of the order of 80 sponsors who have already been tentatively accepted but the State has been reluctant to author an approved State plan largely because of some question concerning administrative costs.

Mr. ZEFERETTI. Mr. Secretary, we have heard about the pros and cons in the summer feeding program and on basing them in the schools. We have some advocates who say, "Well, you will not get the children into the school in the summer time so you will not get them rounded up and get the food distributed. In addition, they cite the cost factor of maintaining the school open during that time of the year." On the other hand others say, "Let's use the schools because there is better distribution of food, but more importantly we might be able to piggyback this with recreational programs for children in some of the communities."

We have great concerns over the prime sponsors and how it is going to work. I appreciate when you say that you are going to take a more active role in sort of monitoring the whole program but there are many in New York City that are not providing adequate service for the children. Unfortunately, the investigations that are going on are not coming up with what is going on. That is a problem and I wish somebody would address himself to that.

Ms. **Foreman**. A great deal of the material, Congressman, that is involved in this investigation right now is privileged information before a Federal grand jury and we simply don't have the legal capacity to make the information available. To the extent that we can, we will. I believe that the regulations that we issued in March certainly were a communication of what we thought some of the problems were and how we would like for them to be resolved. I am sorry that we are not able to discuss it any more fully than we are.

Mr. **Zeferetti**. There are a lot of people just hanging and waiting to go into the program and not having the ability.

One other aspect, one of your recommendations—which, by the way, I think those are great and they are the type of regulations, but before we markup a bill here today I am just concerned about that one aspect of paying that 6.75 cents for each lunch for administrative costs and that there is a way possibly for enacting something now or at least surveying that part of it now to sort of do away with some of the abuses we found.

As you indicated, Mr. Secretary, there are a lot of people who know a lot of different ways to make money. One of the abuses was providing an abundance of lunches and allowing them to be thrown away in ponds, in the streets, and in garbage disposal areas. Could we address ourselves to that point right now and do something maybe this year rather than waiting for another year to go by and listen to another accounting of further abuses.

Mr. **Greenstein**. Mr. Zeferetti, our legislative proposal proposes to delete that 6.75 cent structure from the law.

Chairman **Perkins**. Let me interrupt, Mr. Zeferetti, and he will answer your questions and you will not be cut off. Mr. Le Fante has one question he would like to ask the Secretary and I am going to give the Secretary the opportunity to answer.

Secretary **Bergland**. Thank you.

Mr. **Le Fante**. It is really more than one question, Mr. Chairman. I will be as brief as I can.

I would like to make one comment. I am a freshman, Mr. Secretary, and I can only say that in speaking to some of my senior colleagues I would like you to know as a freshman I hold you in very high esteem as a result of the reputation you have gained around here.

Secretary **Bergland**. Thank you, sir.

Mr. LE FANTE. I, for one, am very pleased with your testimony but there are a couple of questions—I didn't want to break in on my good friend, Mr. Quie, when he was questioning you about the cash commodities concept. I have been informed by Colonel Reese who heads up our food program in the State of New Jersey under the Department of Agriculture that the breakdown between the commodities and the cash has to be about 75 percent commodities and 25 percent cash for the commodities distribution structure to exist. He also said there is a possibility that the distribution structure could not be supported if commodities in it fell below that 74 percent.

Now I understand your earlier remarks that you were going to look into this area but it poses a question in my mind. Would you be in favor of conducting pilot projects giving the school districts the option of getting cash instead of commodities or possibly a combination, part cash and part commodities?

Secretary BERGLAND. Mr. Le Fante, I appreciate your very kind words and I am grateful to you for those but I yield to my associates who are more knowledgeable on this.

Mr. Straus.

Mr. STRAUS. Mr. Le Fante, I think we ought to say it is somewhat simpler in New Jersey because the distribution points are within relatively geographical distance because New Jersey is a relatively small State. I think we ought to take a look at alternatives, and we will propose some. We would also like to work with the Congress in developing some attempt to look at this whole thing which is certainly not locked in concrete.

Mr. LE FANTE. During your look-see procedure or action, would the Department be in favor of some pilot projects just to be able to establish some record and some documentation and some evidence whereby we could make a sound comparison?

Mr. STRAUS. Yes.

Mr. LE FANTE. I think it is an area we ought to explore.

Ms. FOREMAN. Let me say, Mr. Congressman, that we were so concerned about running the program in New Jersey we brought Mr. Straus down from New Jersey to run it.

Mr. LE FANTE. Very talented boy and there is no income tax problem.

[Laughter.]

Thank you.

Mr. BLOUIN [presiding]. Maybe we can return to the middle of Mr. Zeferetti's question at this point if we can get the attention of the questionee.

Mr. ZEFERETTI. I believe I would be——

Mr. BLOUIN. We are back, Mr. Greenstein, to Mr. Zeferetti's question.

Mr. GREENSTEIN. We are proposing, in our legislative proposal, to delete that whole administrative rate structure with the 6.75 cents for the lunch from the law. We want to look at things such as possibly basing the administrative reimbursements on the number of sites rather than the number of children. There might be some variation you would need for the number of children, and different kinds of sponsors might need different administrative rates. There are a variety of things we want to look at and we would then by regulation be able to prescribe a new rate structure which would attempt to avoid the kinds of problems that the present rate structure has provided.

With regard to your question as to whether we can change that for this summer, the answer is no, I am afraid. The current rate structure is written into the statute, and in order to have that changed for the summer you would have to change the statute and get that out and through the Congress. We would then have to write proposed regulations and under the Administrative Procedure Act provide 30 days for proposed comment and then have final regs. By this time we would be in the middle of summer so it is too late for this summer but we are determined by next summer to do this. If you will accept our proposals or if you have some alternatives, we want to do something different than the 6.75 cents as soon as we can.

Mr. ZEFERETTI. Thank you very much.

Thank you, Mr. Chairman.

Mr. BLOUIN. Mr. Miller.

Mr. MILLER. On that point, Bob, in the Secretary's testimony for the approval in advance by the States, why does it have to be based on anything other than the cost of doing business? What do you care how many States they have or how many millions? It would seem to me that if you got that budget submitted to the States far enough in advance they would have some basis to compare how people are running their programs or propose to run their programs and they can, in fact, modify those budgets or cleanse them, if you will, to be sure they are running a tight operation.

Mr. GREENSTEIN. I think we would need some maximum still. There are all kinds of ways to try. You are running a feeding program as a part of a larger operation whether a school is a private operation. You know what things you show as administrative costs and how much you show of how much time in the feeding program or something else. It is the kind of feeling we would need some maximums.

Your point is valid if the States really had the manpower and capability of studying the administrative structure of every sponsor. That might be the case but I think, given the real world situation here, we are going to need some sort of maximums there and then within those maximums the States will have that power.

Mr. MILLER. My one concern was I don't want to see when you move away from the per meal thing, which I think you are absoluetly right, that you don't start locking people in. If they don't have to pay rent, would they have to show rent and start fooling around with budgets in that fashion depending on what kind of organization or how they can establish the program? It ought to have that kind of leeway for these organizations to move in some kind of normal budgetary constraints.

Mr. GREENSTEIN. I am going to refer the question over in a minute. I think we are interested in some flexibility and also simplicity. I think we are simply suggesting that what has happened under the present structure, both administrative and food rates, is that often you get people coming in—this is even more true in the food area than in the administrative area. You have people coming in at whatever you state the maximum is.

We really need two things. We need to look at where we should set the maximums and have better administrative review by the States ahead of time. We are trying to look at both things.

Let me refer the question to Mr. Straus for elaboration.

Mr. STRAUS. May I ask Miss Glavin to speak to this, Mr. Miller.

Miss GLAVIN. Mr. Miller, I think that we don't know right now what it costs to administer a summer program. There are obviously wide variations and that is the reason we want to look at it before proposing a specific way to set administrative costs but we need those kinds of maximums set so that the States have something within which to build a budget for these wide variations. I think the combination of some general maximum set on what we find are the best principles, whether it be sites, or children, or whatever it is.

Mr. MILLER. You are talking about components in which they could budget.

Miss GLAVIN. Yes.

Mr. MILLER. All right. I don't think we are in disagreement.

Miss GLAVIN. Then let the States work out those budgets on an individual basis with the sponsors.

Mr. MILLER. On that point, when would you have final regulations and notification of the States? I mean it seems to me that maybe for the first time in the history of that program it appears that there will be enough leadtime to deal with the problems of the summer of 1979. In the proposal that I am submitting, we are talking about schools notifying by November 1978 whether or not they are going to participate in the program, the final regulations out by January, so that the States will have time to analyze these budgets, to take a look at these programs, to start seeing who, in fact, the vendor really is, when we are using a private vendor, and who the vendor really isn't and as to the records of quality and stuff. As I understand it, that is not your proposal; your regs would come out still later.

Mr. GREENSTEIN. We are proposing proposed regs no later than December 1, final regs no later than February 1. I believe your bill goes further. Right now it is January 1 and March 1. We are proposing December 1 and February 1. I think you are proposing February 1 and January 1.

Mr. MILLER. Right, but you obviously see the problem then that in the past we have always played catch up ball. There is no way you could do this.

The other one was that I think we differ on registration of vendors. You would have them register as a State. One of the problems as I understand it in California was that you had some of these vendors moving across country to fill a demand and nobody knew who the hell they were dealing with. It would seem to me that you ought to keep some kind of central registry so that a school or a State can say, "What has this person's performance been?" or "What do you know about this person's performance in terms of quality and administrative ability," not just the individual States.

Mr. **Straus**. You are absolutely correct. We plan to collate that information and to make it available. We expect in a sense some legal problems but I think these can be overcome and that such a list can be made available, yes. Sponsors have crisscrossed the country surfacing under new guises and this has got to stop. Even when we make available the names of principals, this in itself is not adequate protection. We shall address this, Mr. Miller.

Mr. **Miller**. Address the question of what becomes sort of a prime contractor who does nothing in the preparation of that meal but subcontracts all the components out and if he is good enough to make a couple of cents each meal and do nothing in terms of providing a real service to the district.

Mr. **Greenstein**. Mr. Miller, we will have a provision in the administration's proposal directing the Secretary to prescribe conditions and limitations on the assignment of all or part of the contract. We are very concerned with the situation that has come up in the past in some areas of a vendor getting a contract and essentially assigning it at a lower price to another vendor and being nothing other than an invoicing mechanism. We need to know what the regulatory proceedings are. I don't think we can come up with all the specifics in the next week and lock them into law but we are pledging and proposing to write into law something that directs and requires us to have appropriate conditions and limitations to halt that.

Mr. **Miller**. As I understand the Secretary's remarks they were pretty much limited to schools in need, is that correct, or was I mistaken?

Mr. **Greenstein**. We have again our proposal, I think it is about 15 typed pages long. Let me add for the information of the committee we do plan to have the specific legislative proposal to the committee hopefully by tomorrow. It is possible it will be Monday morning but we think it will be tomorrow. The final technical details are being gone over now with the Office of Management and Budget. Due to space and time we were unable to——

Mr. **Miller**. Nonschool sites.

Mr. **Greenstein**. We have a provision in the bill that will say that where the school has no program itself and enters into an agreement with a private nonprofit institution to provide the school lunch or breakfast that the non-food assistance could go to that institution if: number one, it had the arrangement with the school to provide the program for that school and if; number two, the school itself retained the legal title to the equipment that was located at the facility of that institution. Within those two conditions though we are proposing a change to allow for the first time under those situations the institutions to get equipment money, yes.

Mr. **Miller**. So that a senior citizens center may, but also may not, qualify under those conditions?

Mr. **Greenstein**. It is limited to institutions that are providing meals to school children under the school lunch or breakfast arrangement with the school. We don't have a proposal for funds for elderly feeding. I think it would be the view of the administration that that ought to be addressed in connection with title VII of the Older Americans Act.

Mr. **Miller.** I think you may be able to meet two demands with one stove. The centers that feed the elderly may also carry on a summer food program in terms of ongoing year around and that they should in my opinion be given some consideration for nonfood assistance.

Mr. **Greenstein.** I believe I misunderstood your question. Let me clarify. Let me make clear here I think there is another area in which your proposal and ours is different here. As I understand it your bill does have a fund, I believe it is $3 million a year, for equipment assistance for summer feeding sponsors.

Mr. **Miller.** Right.

Mr. **Greenstein.** We do not have that in our proposal, that is a difference. The one thing we do have which is new is that in the equipment assistance for the school's program we are allowing this. You are correct, that is the difference between our proposals. We do have some concern that given that the summer sponsors are in the program for only 7 or 8 weeks, we do have a problem with putting the equipment money out there where the usage is very limited in the summer program.

Mr. **Miller.** I agree. There are elements of interest with other Government programs that may meet that need.

Finally, I am sure you can address it in this legislation but it seems to me that while I personally have a great deal of problems trying to concentrate this program in the schools, as an alternative to last summer I think there is a lot of evidence the schools didn't necessarily do one of the great jobs in America either but it would appear that in some rural settings and in other areas that the school should be or could be the site. It may be run by the YMCA or YWCA but it could be the site. We keep hearing, well, that can't really be done because of labor problems, because of insurance problems and so forth. That may be true in San Francisco, and New York, and Los Angeles but it does not necessarily seem to me to have to be true in smaller communities where things just happen to be different than they are in New York and that the Department ought to see if there is some kind of program either where we can provide or allow as an administrative expense a binder or an override on the insurance policies or to pay the custodian or what have you so that these sites can in fact be used in the smaller areas and in more rural areas in the country.

Mr. **Greenstein.** This is exactly what we have in mind. When the Secretary said in his testimony about what is the cost administratively of running the program and what do sponsors need, he mentioned one of the things he wanted to look at especially in schools was, do they need something for the custodian opening the school or something of that sort. We are very concerned that so few schools run the program in small towns and rural areas, that so many needy children are left out of the program at the present time.

Mr. MILLER. I am concerned that the site is not available to somebody that wants to run the program.

Mr. GREENSTEIN. Yes.

Mr. MILLER. All right. Thank you.

Mr. BLOUIN. Mr. Pressler.

Mr. PRESSLER. Yes; I want to touch on that point about the summer feeding program in rural areas. Outside the cities what plans or what initiatives have we underway to have this program utilized more in rural areas?

Miss GLAVIN. They are strongly urged to outreach, particularly to outreach in the smaller cities. In the last 2 years the program has grown in those areas. It is, of course, much easier to have a program in the cities but there have been successful programs in the rural areas and we have also tried to publicize those programs to the States which have not had large programs.

Mr. PRESSLER. I see. Also I would like some comments on cash versus commodity relative to smaller schools. I tend to favor cash wherever possible as opposed to commodities and that is my final comment and question.

Ms. FOREMAN. We had some discussion about that point a little earlier, Mr. Pressler, and we will go back and look into it and see if there is some mechanism that we might work out so that individual districts might have the opportunity to make that choice. We are not sure that it can be worked out and still preserve the structure for the distribution program but the Secretary made a pledge that we would go back and take another look at it.

Mr. PRESSLER. Good. Thank you.

Mr. BLOUIN. Mr. Le Fante.

Mr. LE FANTE. On page 4 of the Secretary's testimony in the last paragraph where he talked about "Based on the results of our study of this summer's program, and our review of the child nutrition area in general," now when he refers to the child nutrition area in general as related to his proposal on page 7, paragraph 2, "We propose a new formula instead," now is this formula as proposed pertaining to all school nutrition or school lunch programs or is it just the summer program?

Mr. GREENSTEIN. This would just apply to the summer program. We are also studying now, and I think we certainly plan to present as a part of our overall proposals next year, something dealing with the State administrative expenses in general for all of the programs. I think we have two concerns in that area. One is, it is the feeling of the Department that the funds that have been provided in the past to States to run the programs have often not been sufficient. By the same token we are also struck by some of the studies we are doing which we will present.

There is a study, as the committee well knows, that Public Law 94–105 asked for the State staffing study and we are in the final stages of that and the committee will have it soon. One of the things we found in there is that there is a considerable amount of State money that goes into administering these child nutrition programs. One of the things we are very concerned about is that we not legislate a change that simply replaces State money that is already there with Federal money, and does not improve the quality of the program.

One of the things we are very interested in studying is some sort of matching formula, one that would not hurt the States that already have money in there but that might increase the Federal money and then give us a structure whereby the States have incentives to improve their operations because for each additional dollar they get they get an amount in Federal funds. We have a 50–50 matching arrangement in the food stamp program and it seems to work well.

Mr. Le Fante. Why are we talking about two sets of standards for the summer program—one set of standards for the summer program and another set of standards for the ongoing?

Mr. Greenstein. In the long run, yes, we need to look at them together.

Mr. LeFante. Why?

Mr. Greenstein. The summer program has different administrative requirements. We need to have numbers of monitors hired by the State out there investigating individual sites in a way that you may not need in the school programs. You don't have the same kind of question as to whether a site is an eligible proper site, whether a sponsor can administratively run the program, in the school program during the year. Given the kinds of problems we have led in the past in the summer program, we want to immediately move to give the States the capability to administer these programs properly and deal with some of the problems and abuses that have occurred. Yes, we are pledged to looking at the whole State administrative expense area with all the programs together and it would be our expectation that we would have a proposal within the year covering State administrative expenses for all child nutrition programs.

Mr. Le Fante. Are we aware of the increased responsibility under the new definition of school, the expansion of the program?

Mr. Greenstein. You mean to the children's residential institution?

Mr. Le Fante. Orphanges, hospitals, schools where the stay is longer than 30 days. On top of that question do you mandate full cost accounting?

Mr. Greenstein. Yes; these are among the specific issues that have been addressed in the State staffing study and will be released shortly.

Mr. Le Fante. Why should we propose a percentage formula? I think he is proposing 20 percent of the first $50,000, 10 percent of the next $50,000, 5 percent of the next $100,000, 2 percent of all funds for the summer program, and then another set of standards for the ongoing program to consider the new definition and the other mandates we are applying on full cost accounting, et cetera, on a match basis.

Mr. Greenstein. We want to move to one formula for all programs with some sort of match. I am going to turn it over to Mr. Straus in a second. We are not ready yet to know exactly what we need and what we want to propose for all the programs. We are proposing that for 1 year this be the formula in the summer program to deal with the immediate need there until we can come up with the formula for all the programs. I think Mr. Straus has a comment to add.

Mr. STRAUS. No; I think you covered it, Bob.

Historically, Mr. Le Fante, there has been separate money to provide administrative expenses for distinct programs. We think we can put these together and that they ought to reflect the current needs of the State, and we will do this.

Mr. LE FANTE. I am glad to hear that. That is good thinking.

With regard to the survey, that report that we have been waiting for since March 1, and it is going to be 14 months now and we still don't have it, you said it should be ready soon. What kind of a calendar are we talking about?

Mr. STRAUS. It is right now being evaluated by OMB and it will be in the hands of the Congress by May 15.

Mr. LE FANTE. May 15.

What is our deadline?

Mr. BLOUIN. The problem is that our bill will be out of committee by May 10. Now is there any way we can get a preliminary copy of that or an Executive summary?

Mr. GREENSTEIN. As you know, the procedure is we have to have OMB agree to let us give you anything. The second that we can get their approval to give you any summary or advance copy or anything, you will have it within the hour. We will go back and talk to OMB about your concern on this and ask for their approval to release it at the earliest possible moment.

Mr. LE FANTE. Well, speaking for many members of this committee who for one reason or another could not be here on this and are not on the subcommittee, when the time comes to mark-up they consider this study to be extremely critical and I for one feel I need it to get a better understanding.

Mr. BLOUIN. I am going to subject myself to what the chairman wishes but I for one feel that this committee is entitled to what you have got and I could care less who gets all nervous about it at OMB. If the chairman wants to overrule me, I will subject myself to him but I think we have a right to request that as soon as humanly possible, and that means as soon as we can get the xerox machine geared up, to give us a copy.

Mr. MILLER. But, Mike, nothing exists until the OMB approves.

Mr. BLOUIN. Give me a copy.

Ms. FOREMAN. We are not allowed to give you the report until OMB approves it.

Mr. BLOUIN. We have been around this before with Bob's last legitimate predecessor, the Secretary of Agriculture, in other committees and I think that is a lot of poppycock. I think if a legitimate subcommittee of Congress requests a copy of a report existing or nonexisting approved by the Gods in OMB or not approved by them, we have a right to it.

Ms. FOREMAN. Let's see if we have that problem first.

Mr. BLOUIN. Well, it may be too late.

Ms. FOREMAN. What I am saying is we will try to get you a xerox copy of it before your mark-up.

Mr. Blouin. Beautiful. We will be marking-up in this subcommittee Tuesday.

Ms. Foreman. I know. We will tell them you want it before then.

Mr. Blouin. I will go with you if it will help.

Ms. Foreman. It may be necessary.

Mr. Greenstein. That is exactly the point, Mr. Blouin, I was going to raise. I don't think it would hurt if the committee put some more of its own pressure on the administration to ask for OMB clearance.

Ms. Foreman. I suspect if there were a communication to Mr. Lance from Chairman Perkins——

Mr. Blouin. We have done that already about a month ago and Mr. Le Fante has a comment on that.

Mr. Le Fante. The letter was dated March 21 and it was Secretary Bergland, it was not directed to OMB. I do suggest that we contact them as has been suggested here this morning and to apply any pressure that may be needed because I for one am not going to sit down and mark-up and vote on any bill or any legislation or any resolutions until I have in my hands a copy of that survey. I am speaking for a great number of the members on this committee that I have been talking to about it; they all feel the same way.

Mr. Blouin. I would agree with the gentleman. The chairman of this subcommittee would want that.

Mr. Miller.

Mr. Miller. I will watch with great interest on Tuesday. [Laughter.]

Bob, throughout your proposal you talk about disallowing somebody who has a bad track record in the previous year. Can we provide incentive in terms of priorities of people who have a good track record in the previous year?

Mr. Greenstein. I don't see why not. We have specifically written in here that the Secretary establish a priority system for the best running of the program and that could certainly be something that we would look at. Absolutely.

Mr. Miller. You are saying anywhere keeping continuity going in the community just for the fact that the children are familiar with the people or the place or the program to get them there, that we ought to give those people the incentive in the priority just as we would throw out people who do a lousy job.

You are talking about a 1 year extension. Why is that?

Mr. Greenstein. I think as the Secretary stated in the testimony there were two reasons: one, to allow us to look at to what degree the new regulations resolve a lot of the problems of the summer and secondly because we plan a study of the whole child nutrition area and would come with some proposals next year.

Mr. Miller. My concern would be, as I said previously, this is the first time in a long time that we have had this kind of lead-time going into a program assuming the summer of 1979, that the 1-year extension in my mind is sort of the old way of doing business that also provides a distincentive to participate because it assumes an unstable program that somehow is going to be changed again. When you are looking for maximum participation based upon need, we are kind of back to what we have had for the last couple of years or these 1-year extensions that really sort of worm people away from the program.

Ms. Foreman. I don't think that we will be back to you again asking for a 1-year extension but we have only been at the Department for 2 or 3 months.

Mr. Miller. There is nothing in a longer extension, I mean based upon I think what you see is a welcoming of your program by the committee and the belief that it really addresses the major problems in the program that arose, that there is nothing that really prevents you from continual adjustment because we approve a program for a longer period of time than 1 year.

Ms. Foreman. We may want some very substantial revisions in the program though a year from now and that is inconvenient.

Mr. Miller. Well, it is not a question of inconvenience but it is that kind of attitude that keeps people the hell away from the program because they have no basis on which to rely.

Ms. Foreman. I agree with you.

Mr. Miller. All right.

Mr. Le Fante. I would like to ask one final question.

With regard to the report on the survey, let's assume that for some reason of bureaucracy we are not able to obtain a copy of the report. Would it be possible in the next few days to get a copy of an Executive summary? Have any of you seen the report?

Mr. Greenstein. Yes.

Mr. Blouin. They wrote it.

Mr. Le Fante. Would it be possible to get a copy of a summary if for some reason the report is not available to us?

Mr. Blouin. If I understand, you are prohibited by the OMB regulations from giving us any summary, is that right?

Mr. Greenstein. I believe that is right but let me say that if you were to submit to us in writing specific questions on specific points, we would answer specific questions based on that.

Mr. Blouin. How many pages is that document? My specific question will be the content of each page [laughter].

Mr. Greenstein. What is the percentage of money that is State and Federal money and what do the States feel about the dollar amounts that they needed.

Mr. Blouin. Do you think we could work out a joint letter? We would make sure we cover the entire document.

Mr. Greenstein. You are putting me in a rather tough situation.

The document as I recall is in two parts: One is the narrative which I would believe is maybe 20, 30 pages; and then there are a series of 100 tables or so, 100 charts and tables.

Mr. Blouin. I think we can cover it adequately with two questions, the content of part 1 and the content of part 2. If a letter will help, I can assure you we will get quite a few signatures from this subcommittee on a letter very soon. I can assure you we will be on the phone to the OMB specifically requesting this immediately.

Mr. Le Fante. I was very serious about my remarks earlier.

Unless we have that, we may not have legislation. I am very serious about that.

Mr. BLOUIN. Mr. Miller.

Mr. MILLER. Just one final question: What, if anything, in your proposal do you anticipate doing in terms of reimbursement of the especially needy?

Mr. GREENSTEIN. In the school breakfast program, we do not have anything on that proposal.

Mr. MILLER. You would remain with the 45?

Mr. GREENSTEIN. Since we are not proposing a change, the law would remain unchanged on that area.

Mr. MILLER. All right.

Mr. BLOUIN. If there are no more questions, the subcommittee wishes to thank those of you from the USDA for your kindness in coming here today and your cooperation in the receipt of that report in the next few days.

Thank you very much for being here.

Mr. GREENSTEIN. Thank you.

Mr. BLOUIN. The markup is 9:30 Tuesday next.

[Whereupon, at 10:25 a.m., the subcommittee adjourned.]

[Material submitted for inclusion in the hearing record follows:]

COMMONWEALTH OF KENTUCKY
Department of Education
FRANKFORT 40601

March 21, 1977

Honorable Carl D. Perkins
Congress of the United States
House of Representatives
Washington, D. C. 20515

Dear Mr. Perkins:

It seems that there is no end to the need for suggesting changes in the School Food Service Program. I suppose this is only natural since all of us are inclined to want the best program possible so that boys and girls in our schools will be able to receive maximum benefits from our combined activities.

During the past several months, I have viewed the efforts of the Kentucky staff with a question in my mind as to efficiency. I use this term after analyzing the various activities and the relationship of these types of activities to our performance of "providing services to boys and girls".

During the past several months, it has become apparent to me that the State Plan of Child Nutrition Operations as a requirement in 210.4a of the regulations has become a millstone around the necks of many persons. This has become a burden to many of us who earlier were – and still are – in favor of a State Plan. It would seem to me that all of the statiscal treatment required is, for the most part, insignificant when it comes to planning for future school food service activities. With this in mind, it is my recommendation that regulation 210.4a be thrown out as it is at this point and a very brief and simply stated plan of operations be instituted. This new plan should state in simple terms how the states are to use their funds made available by Congress and state legislatures to provide a complete food service to all boys and girls in the state. This new plan should be not more than two pages, single-spaced, and should be instituted for the now required State Plan.

Another item that has gotten completely out of hand is the regulation 210.15b dealing with competitive food services. As this regulation now reads, State Agencies and School Food Authorities are required to establish regulations governing miscellaneous food service which is wide *open. How in the world can anyone regulate a miscellaneous food service in a lunchroom at a lunch period when the proceeds are permitted to inure to the nonprofit food service or to the school or to the school-approved student organizations? Actually there is no other place for the proceeds to go unless it is to the school staff and this is questionable from many aspects. Personally, regulation 210.15b as it is now written should simply state:*

> *"State agencies and School Food Authoritites shall establish such regulations or instructions as are necessary to control the sale of food in competition with a school's nonprofit food service under the Program."*

This next and last item is a brief discussion of a concept which has a long background – that of financing, administering and reporting our school food service activities. Today in Kentucky we need to compare the method of financing, administering and reporting two separate programs, each of which are providing services to pupils. These two are the transportation program and the school food service program.

The transportation program today is a part of the Foundation Program in Kentucky and is financed as a budget item for education. If the daily payment for pupils method is such an efficient one, why is it that we do not have coin boxes on the school busses and require pupils to place a coin or a free ride ticket in the box in order to receive a ride to school and another at the end of the day to receive a ride home.

Contrast this to the method of conducting the school food service program where all sorts of gyrations are necessary to determine which children will receive free or reduced price meals, to make sure those eligible to pay do so, and to require all sorts of reports under the guise of full cost accounting in order to receive and justify reimbursement payments.

It is my recommendation that the present session of Congress give attention to letting each state in the future determine the total costs of its school food service program on a yearly basis and announce at an early date the amount of support Congress will make to each state provided the state legislature will make up the difference.

The State Agency then could follow the same procedure and require each district to make a determination as to the full cost of its food service program and arrange for a combination of federal and foundation program funds to provide the services as identified in a simple State Plan of Operations which would also be required of each district.

These recommendations are made to you with the desire to assist you and your colleagues in developing plans for a better school food service program. I would be more than happy to be able to discuss this matter in person with you or any of your colleagues if the need so arises. Since these items have been given much consideration by me in the past and I am sure they are of much concern to many other State Agencies, I have the greatest desire to assist in every way and in any way possible to improve upon our school food service program of today. Thank you for your consideration of this discussion.

Sincerely yours,

C.E. Bevins

C. E. Bevins, Director
Division of School Food Services

CEB/yt

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT

MONDAY, MAY 2, 1977

House of Representatives,
Subcommittee on Elementary,
Secondary and Vocational Education,
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:45 a.m. in room 2175, Rayburn House Office Building, Hon. Michael Blouin presiding.

Members present: Representatives Blouin, Cornell, Mottl, Heftel, Kildee, Pressler, and Goodling.

Staff present: Marian Wyman, special assistant to the chairman; John F. Jennings, majority counsel; Beatie Clay, staff assistant; Charles Radcliffe, minority counsel; and John Forkenbrock.

Mr. Blouin. I would like to apologize for Chairman Perkins' absence at this point. He is at the White House in a conference with the leadership and the President and hopes to be here around 11:30 or 12:00.

I have a short statement of the chairman's and a short statement of my own, and I would like to read those briefly and then yield to any other members of the subcommittee that have comments that they would like to make, at which point we would yield to Secretary Foreman for an opening statement, Dr. Mulhern for an opening statement, Mr. Coplin for an opening statement; and then Mr. Dvorak from Packerland for an opening statement.

Then we will go back to a panel approach for questioning and followup, on a two-panel basis. We are going to start with those from USDA after statements are made, followed by Mr. Dvorak and company officials for followup questions at that point.

For the record, I would like to briefly read the Chairman's statement.

Today, the Subcommittee on Elementary, Secondary, and Vocational Education is conducting a hearing on several serious allegations made against the Packerland Meat Co., which is a packaging firm supplying millions of pounds of beef to the Department of Agriculture for distribution to schools throughout the country for their school lunch programs.

According to the Des Moines "Register" of April 2, the Packerland Meat Co. has had a history of unsanitary conditions and questionable operating procedures, yet this company has received contracts from the Department of Agriculture resulting in their supplying 42 percent of the ground beef distributed by the Department to schools this present school year.

Although the newspaper article in the Des Moines "Register" did not allege that ground beef supplied to the schools was of poor quality or of unsanitary condition, the article does raise some very serious concerns as to the standards used by the Department of Agriculture in assuring that meat companies receiving contracts are of the highest quality and operating under the best procedure.

The purpose of today's hearing is to discuss the allegations made in the Des Moines "Register" in order to determine their validity. For that reason, we have invited Ms. Carol Foreman, Assistant Secretary for Food and Consumer Services for the Department of Agriculture; Mr. Norval Dvorak, assistant to the president, Packerland Packing Co. to testify for us today.

Like the chairman, I am extremely interested in preserving the integrity of the school lunch program. I believe in it, and I believe in the goals that it is designed to accomplish. Recent newspaper stories, as copyrighted in articles found in the April 17 and 24 editions of the Des Moines "Register" indicates that the USDA commodity distribution program has contracted to purchase hamburger and ground beef from a Green Bay packing firm and its subsidiary plants, which the "Register" reported have "a longstanding pattern of sanitary deficiencies and questionable operating practices."

The 60 million pounds of hamburger and ground beef purchased from the Green Bay company this year represents about 42 percent of the total hamburger and canned beef purchased for the school lunch program for the 1976–77 school year. It becomes obvious that such reports voice some serious questions about the quality of meat being served in the school lunch program and about the adequacy of inspection procedures in packing plants which supply that meat.

Let me put on the record, before we begin, that to my knowledge there is no apparent evidence that schools are being sold hamburger which is of poor quality or which is dangerous to students' health. However, such allegations, if substantiated, do represent a potential for such a tragedy.

The purpose of today's oversight hearing is not to accuse, it is not to attempt to place the blame on anyone; rather, it is an attempt to gain access to the facts.

If present inspection procedures are adequate, then Federal inspection officials should have the opportunity to make that fact known. If legislative changes are needed as it pertains to the school lunch program, this committee should have an opportunity to amend the School Lunch Act presently before the committee. The ultimate concern of this committee is to assure the credibility and public confidence in the school lunch program is maintained.

With that, I would like to yield to any other members of the subcommittee who are here for any comments that they may wish to make.

Mr. Heftel?

Mr. HEFTEL. Thank you. Because we all have a problem splitting ourselves in two, and that is what I will have to do this morning.

I would like to refer to page 5 of Carol Tucker Foreman's testimony which I think requires——

Mr. Blouin. Excuse me. We would like, if I might, to hold questions——

Mr. Heftel. I am not going to ask a question. I am sorry.

Mr. Blouin. All right.

Mr. Heftel. But because I obviously will not be here, in all probability, I would like to just have us target on that in the course of the hearing this morning.

> **As I have stated earlier, I have reached tentative conclusions concerning Packerland. First, the records indicate that the management of this firm over a period of many years appear to have engaged in a pattern of harrassment towards the resident inspection force and other USDA officials. That harrassment has been expressed in the form of verbal and written abuse, and sometimes physical threats.**

Thank you, Mr. Chairman.

Mr. Blouin. Thank you, Mr. Heftel.

Mr. Cornell of Wisconsin?

Mr. Cornell. Thank you, Mr. Chairman.

While I do not serve on this subcommittee, I am a member of the full committee and welcome the opportunity to participate this morning for two reasons. First of all, of course, because of my great interest in the school lunch program, which I strongly support, and also because of the fact that the headquarters for the Packerland Packing Co. happens to be in Green Bay, Wis., which is in my congressional district.

Thank you, Mr. Chairman.

Mr. Blouin. Thank you, Mr. Cornell.

Congressman Mottl, from Ohio? Do you have any statement you would like to make.

Mr. Mottl. I have no statement at this time.

Mr. Blouin. Thank you. With that, if there are no objections from the subcommittee, at this point I would like to turn to the witnesses and begin with Assistant Secretary Carol Foreman.

STATEMENT OF CAROL FOREMAN, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Ms. Foreman. Thank you very much, Mr. Chairman.

I would like to point out that, in addition to a number of relevant officials from the Meat and Poultry Inspection Division of the Food Safety and Quality Service of the Department of Agriculture, we also have with us today—they are not seated at the table, but are immediately behind me—the relevant officials from the meat grading branch of the Food Safety and Quality Service and the Administrator-designate and the Director of the community program of the Food and Nutrition Service of the Department of Agriculture who have responsibility for both the purchasing and the approving and use of commodities in the school lunch program.

We have asked all of these people to come here today, not because they do not have other things to do, but because we would like to underscore the seriousness with which we take this matter and we want to have as many people here as possible to respond to any questions that might come up.

Mr. BLOUIN. Would the Secretary please introduce these people?

Ms. FOREMAN. Yes; we have John Pierce, who is the Director of the Livestock Division which includes the Meat Grading Branch for the Food Safety and Quality Service; Louis Strauss, who is the Administrator-designate of the Food and Nutrition Service; Juan Del Castillo who is the Director of the Commodity Distribution Program for the Food and Nutrition Service.

Let me introduce also Dr. Fred Fullerton who is the Deputy Administrator of the Meat and Poultry Inspection Division of the Food Safety and Quality Service; Dr. Goodman, on his right, who is the Director of the compliance staff from the Meat and Poultry Inspection Division; Dr. Francis Mulhern, who is on my immediate left, who is the acting Administrator of the Food Safety and Quality Service; and Henry Uhler who is the contracting Officer for the Livestock Division of the Agricultural Marketing Service and Dr. Burkul who is our regional director for the north central region of the Meat and Poultry Inspection Division.

There are a number of other officials from the Meat and Poultry Inspection Program, if it becomes necessary to call on any of these people.

I am here this morning to provide testimony for the Department with respect to the oversight hearing that you are conducting on allegations appearing in the Des Moines Register and the Des Moines Tribune about Packerland Packing Co. of Green Bay, Wis. and other affiliated firms.

This firm has supplied the Department with ground beef for the school lunch programs. The allegations appearing in the Des Moines Register and the Des Moines Tribune, in recent weeks have caused me very great concern. In particular, I was distressed about strong implications in the stories that sanitary conditions in one or more of Packerland's plants were such as to make it likely that the ground beef prepared there for use in the Department's school lunch program might be contaminated and unfit to eat.

As a result of these stories, we have begun a full investigation to determine the facts, and we will make any corrections that are required.

I have held discussions with the responsible officials in our meat inspection and meat commodity procurement programs, the Food and Nutrition Service, and the general counsel's office. In addition, I have read some—but by no means all—of the voluminous written records concerning the Packerland Co. Just to give you an indication, this [Indicating] is about one-third of the file that we have in the Department on this company.

I have reached some tentative conclusions. Before explaining those conclusions, I think it would be helpful to the committee for me to provide some factual background material on Packerland, on our procedures for procuring meat products for use in the school lunch program, and on our inspection program.

Packerland Packing Co. is now operating facilities in Green Bay and Chippewa Falls, Wis. They also have a plant in Pampa, Tex., but suspended their operations there late in February. Packerland is one of the larger meat packers in the United States—21st in volume, according to 1973 figures. The largest firm that year produced roughly nine times as many meat products as Packerland.

The firm is a major supplier of meat products for the school lunch program. This school year, they provided the Department with over 60 million pounds of ground beef, 27 million pounds of canned beef with juices for use in the school lunch program. Expressed in percentages, Packerland provided roughly 41 percent of the ground beef and 50 percent of the canned beef we purchased in the school lunch program.

Very briefly, our procedures for procuring meat products for use in the school lunch program are as follows. We prepared a specification requirement for the products prior to each school year. These specification requirements typically exceed requirements of products prepared for regular commercial distribution because of the special needs and the special obligations of the school lunch program.

For ground beef, stringent time and temperature requirements have been established and the product itself must have been derived from fresh meat in excellent condition with no evidence of mishandling.

Once the specifications have been established, we announce our intention to purchase to the trade. Any meat packer with a grant of Federal inspection can bid. Bids are made on a competitive basis and, in accordance with Federal procurement regulations, contracts are awarded to the low bidders.

Packerland has been consistently among the low bidders for ground beef.

Once a contract has been awarded to the firm, the actual production of the ground beef is carried out under the continuous, direct supervision of Department employees, usually meat graders. They check to make sure that the beef being used is fresh, in excellent condition, and showing no evidence of mishandling.

The graders are expected to notify inspection officials if there are any problems with plant sanitation or the wholesomeness of the product.

Turning now to inspection, Packerland and thousands of other slaughtering and meat processing plants in the United States are inspected by the Department under the authority of the Federal Meat Inspection Act. That act, originally passed in 1906 and significantly amended and strengthened in 1967, requires that meat prepared in federally inspected plants receive inspection and that it be certified as U.S.-inspected and passed by the Department before it enters the channels of commerce.

Inspection itself is a complex task involving several thousand food inspections, veterinarians, and technical support people such as chemists, food technologists, microbiologists and other professionals. Each is individually inspected at the time it is slaughtered to make sure that slaughtering operations are conducted in a sanitary manner and to remove diseased animals and parts of animals from the food supply.

Carcasses which have passed slaughter inspection are then ready for further processing into a wide variety of meat food products, such as steaks, roasts, ground beef, hams, sausages, and canned or frozen products.

These further processed products are also inspected during their production. Sanitation and the wholesomeness of all raw materials are checked. Formulas are checked to be sure products meet standards of composition. Where there are time and temperature controls, these are checked. Finally, all labels must be approved for accuracy and truthfulness before they can be used.

The food inspectors and/or veterinarians who carry out the inspection are required by law to be present at all times when slaughtering is going on and at least part of each day while meat food products are being prepared from inspected carcasses.

They have authority, without recourse to higher authority, to condemn unfit or otherwise adulterated meat; to require the reprocessing of products which do not meet standards; and to reject for use equipment, rooms, or even the entire plant when the sanitary conditions are such that product may become contaminated.

Although their decisions may be appealed to higher authorities, their decisions stand until differences are resolved. The Secretary also has authority, subject to judicial review, to withdraw inspection from plants whose officials have failed to destroy condemned meat food products.

Now, as I stated earlier, I have reached some tentative conclusions concerning Packerland. First, the records indicate that the management of this firm, over a period of many years, appears to have engaged in a pattern of harrassment towards the resident inspection force and other USDA officials. Their harrassment has been expressed in the form of verbal and written abuse, and sometimes physical threats.

Inspectors' decisions are constantly questioned, sometimes with threats of appeals and actual appeals to higher levels in the program, to my office, and to Members of Congress have been the rule, rather than the exception, with this company.

In summing up, our meat inspection officials and other USDA officials with responsibilities in the livestock and meat sector, rate this as one of the most difficult, if not the most difficult, firms with which they have had to deal.

Second: Based on what I have learned so far, although unsanitary conditions have been reported in Packerland's plants, those conditions were being constantly corrected as they occurred, due to continuing efforts of our inspection force and their supervisors in order to avoid the actual contamination of meat. Furthermore, because of the additional safeguards which apply to meat products purchased by USDA for the school lunch program and other programs, I am reasonably certain that the meat items bought by the Department from Packerland firms were satisfactory for use in the school lunch program.

I would like to add that we have had very few complaints from schools about the condition of any of the meat products delivered to the schools.

In closing, while I believe that we have fulfilled our obligation to protect the general public against adulterated product and to insure that children participating in the school lunch program receive high quality products, the Packerland case strongly suggests to me that we need to further strengthen our safeguards.

Let me point out that under the current meat inspection laws, we have no power to judge the cumulative record of a company or to deny inspection because of repeated failure to meet adequate sanitation standards. I think it is important for the committee to understand that when an inspector in a plant sees something going on that is not proper, not appropriate, inspection is suspended until that thing is remedied and then once it is remedied, the law requires us to begin inspection again immediately.

There is no power under section 401 of the Meat Inspection Act, or under any other provision of the Act, for us to say this company has, year, after year, after year, pushed that line between what is wholesome and safe and what is not wholesome and what is unsafe. We have no power to make any judgments based on that.

As a result, we have submitted to OMB legislation that will strengthen the sanctions against firms exhibiting a longstanding pattern of noncooperation and failure to meet their responsibilities for meeting the requirements of the meat inspection laws and regulations. In addition, and of particular relevance to this committee, we will propose revisions in our meat procurement regulations to eliminate from consideration any firm which has a record of marginal compliance with inspection requirements.

Finally, we will immediately change our invitations to bid on contracts by requiring bidders to represent and warrant that they have, and will continue to maintain, a high level of compliance with sanitary and other standards in their plants. Firms who want to continue getting contracts from the U.S. Department of Agriculture will be evaluated on the basis of their compliance with inspection requirements, compliance failures, as evidenced by findings of out-of-compliance products in the channels of commerce, and convictions of officials of the firms for felonies and certain types of misdemeanors. To assure that representations are accurate and that warranties are being met during the course of contract performance, we will make close reviews before awards are made and during the course of the contracts.

If we find that bidders' representations are false, we will not accept their bids. If we find that contractors fail to meet their warranties to maintain high standards, we will take steps to terminate their contracts.

Mr. Chairman, that concludes my statement and I think that it expresses both our concern about the patterns of behavior that have developed among some firms and our dedication to making sure that those patterns of practice are not rewarded with government contracts in the future.

I would like now to allow Dr. Mulhern to make his statement.

Mr. BLOUIN. All right.

Please go ahead, Dr. Mulhern.

STATEMENT OF DR. F. J. MULHERN, ACTING ADMINISTRATOR, FOOD SAFETY AND QUALITY SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Dr. MULHERN. Thank you, Mr. Chairman.

I, as the Administrator, or Acting Administrator of this agency, welcome this opportunity to participate in these hearings, particularly since I have been involved in dealing with the management of the company in regards to the problems and the friction that have developed between our personnel and their personnel.

It gives me an opportunity to review this situation. We are confronted with a high production company that is naturally motivated to get out maximum production, while we have our responsibility to see that all products leaving that plant are wholesome.

We need also to look at the total meat production picture in the United States and this system. For example, in red meat last year, our inspectors inspected approximately 58.6 billion pounds of meat food products. They condemned about 32.5 million pounds of red meat.

This is the action that Ms. Foreman was talking about. When our inspectors see something wrong, they immediately take steps to correct it and remove the product from being sold from the establishment.

In poultry, they inspected about 2.8 billion pounds of poultry and they condemned approximately 29.5 million pounds.

All I am trying to say here is that the volume being produced in about 7,000 plants in the United States is tremendous; and that we have about 9,000 people assigned to our inspection operation.

Now, the reason why I say I welcome this opportunity, when we are trying to enforce these acts is that the people that are being regulated have their understanding of the interpretation of what Congress had in mind when it passed the act. We also have ours, and at times we are not in agreement, and so this gives us an opportunity here, again, before Congress, to look at these kinds of problems and get some direction as to whether we are right or the other side is right, and what modifications are necessary for us to do a better job.

My feeling is that the heads of these corporations have rights, and if they feel that our Inspection Service is not being fair, or not carrying out the Act in the way that it is designed to do, then they have a right to appeal to me, or Ms. Foreman, or the Secretary, and it is my responsibility to hear them out, to contact the Deputy Administrator in charge of meat and poultry inspection and have him investigate the pros and cons of a situation.

Where we are wrong, we say we are wrong, and change. Where we are not wrong, we hold firm.

Then I would just like to say one other thing about compliance.

From a management standpoint, a few years ago we felt we needed a check on our inspection system, not on the plants themselves, but on our inspection system. The condemnations of those products are done by our inspectors in those plants and we wanted to have a check on our organization from people who were not necessarily directly involved in the day-to-day operations, and so we have a compliance group.

In some of the contacts and discussions I have had, there has been too much emphasis on the evaluation of the plant based on the compliance evaluation and I think these plants must be evaluated on the day-to-day operations of our inspectors that are operating within those plants.

In conclusion, I feel it is good for us to review how we are carrying out the Act and for Congress to give guidance and help to all of our people who are trying to do the job that you are expecting them to do.

Mr. BLOUIN. Thank you, Dr. Mulhern.

Ms. Foreman, as I understand it, John Coplin, from the Midwest Area Meat Grading Service Office, has a statement, is that correct?

Ms. FOREMAN. Yes.

Mr. BLOUIN. If there are no objections, I think for the sake of organization it would be probably the appropriate time for Dr. Coplin to make his statement.

For the record, Mr. Coplin, if you could give us your specific function in the Department, and then on to your statement.

STATEMENT OF JOHN COPLIN, FEDERAL MEAT GRADING SERVICE, CHICAGO AREA, U.S. DEPARTMENT OF AGRICULTURE

Mr. COPLIN. Mr. Chairman, I am in charge of the Federal Meat Grading Service, Chicago area, which includes Green Bay. We have the Green Bay plants, along with six other plants, which produce the school lunch ground beef.

I have read the Des Moines stories—I have not prepared an opening statement. I did prepare a statement which you have which is too long to present now. I read the stories in the Des Moines Register, and my people, my graders, my supervisors and I take this as a personal affront because, in my judgment, there is absolutely no foundation, no truth, to the Des Moines Register stories.

I have five and six people in the University plant in Green Bay and something like four or five in the other plant that bones school lunch meat, and we do not make a cursory inspection. We make a 100-percent inspection of every piece of meat—I have outlined step by step in my statement how this comes about.

Step one: We examine the meat for grade and condition and to see that it is clean and in excellent, fresh, condition.

Step two: We formulate the meat into at least 50 percent primal cuts and not more than 50 percent of the rough cuts, such as the plate, and brisket and so forth. The meat is then controlled inside of a sealed room and it is also stamped for control purposes.

At that point, the meat goes on the boning tables, and then each piece of meat is examined, picked up by a meat grinder and looked at to see that it is properly boned. At that point, it goes into the grinders. Here, too, we supervise the meat going into the grinders from a quality standpoint in that we should see that a sufficient amount of the primal quality cuts go in with the rougher cuts.

At this point, when the ground meat comes out of the grinder, I have another man stationed where he sees that the boxes are packaged properly, sealed to prevent tampering, and he takes random samples for fat content to go to the USDA lab. At this point, the meat goes into a blast freezer 0° or lower.

Now, at Packerland, they do have a unique situation where the meat is placed in a freezer, in a blast freezer, within 10 minutes. I have no other plants that freezes so rapidly—the specification permits 4 hours. This fast freezing does add to the quality of the meat.

So what I am saying here is that my graders give 100-percent supervision of this school lunch meat and when I say 100 percent, I mean just that. They do not leave their post until they are relieved. We even control the in-process meats during lunch periods and break periods.

In the final step, it is checked out of the freezer after it is hard frozen, properly loaded and checked into cars for distribution.

I visited many institutions and schools in the months of November and December and I had nothing but praise from the dieticians, for the meat from Green Bay and also from the other five plants that I have under my supervision.

Now, in the interest of time, my statement might trigger some questions. I would be happy to answer any questions, but I am here to tell you that the meat that is going to the school lunch for our children is the finest that can be produced in the United States, or anyplace, and I think anyone would be hard-pressed to go out and buy finer meat, better quality—not only from a quality standpoint, but also from a sanitation standpoint.

I have been in these plants. I go there at 3 o'clock in the morning, 4 o'clock and as many times as needed throughout the day and I see the clean-ups, and they are excellent—just in summing up. I believe there have been too many long-distance assumptions made without going to the point—Green Bay—and seeing the operation first hand. I have asked, and I challenge anyone to go with me and find anything wrong with this ground beef.

Thank you, sir.

Mr. Blouin. We will more than likely get back to you with some questions at a later point.

Ms. Foreman. Are there any more USDA people that have opening comments?

Ms. Foreman. No sir. We will all be here, available for questions.

[Testimony of John E. Coplin follows:]

May 2, 1977

TESTIMONY TO BE OFFERED BEFORE THE U S HOUSE OF REPRESENTATIVES', ELEMENTARY - SECONDARY EDUCATION COMMITTEE, 1120 LONGWORTH BLDG., WASHINGTON, D.C. - MAY 2, 1977 by JOHN E. COPLIN, MAIN STATION SUPERVISOR, USDA-AMS- LIVESTOCK DIVISION, MEAT GRADING BRANCH, 4101 S. HALSTED STREET, ROOM 203 - CHICAGO, IL. 60609. PHONE: 312-353-5751.

1- My supervisors, graders and I take this whole episode as a personal affront. There is absolutely no truth or foundation to the Des Moines Register story regarding the School Lunch hamburger produced in Green Bay.

2- The Des Moines story mentions, dirty meat ground into School Lunch hamburger. Let me tell you:

  1- You won't have dirty meat if you have a daily clean-up plus clean-ups as needed.

  2- We had excellent clean-ups in Green Bay, otherwise

  3- Production of School Lunch hamburger would have ceased on the spot.

I can personally vouch for the excellent clean-ups at Packerland's Green Bay plants --- since I have personally checked them out as early as 3:30 and 4 A.M. on several occasions --- as well as on many other occasions.

3- Many of the housewives working in meat packing plants have told me they are so pleased and happy to see the School Lunch ground beef so well controlled and so good, knowing it may be served to their children.

4- My USDA Graders --- give 100% on the spot ---supervision, in controlling the production, freezing and check loading of all the School Lunch product--- including the School Lunch Hamburger. What does100% supervision mean? It means simply just that --- the USDA grader cannot leave his post- until the job is completed or he is relieved by another USDA Grader. We also control the previously accepted unfinished product --- through break periods and lunch periods.

5- We don't build up files on problems we encounter, because if we have a problem we identify it and either make corrections, on the spot, or we stop production until the problem is corrected. In this way we do not accumulate a large problem file.

6- If Dr. Jamis M. Mathis, Chief Staff Officer at Regional USDA Compliance Office thought that dirty meat was being ground into USDA School Lunch hamburger --- why didn't he confront me with it, so I could straighten out his thinking and lay to rest his misinformation? We both work for the same USDA and for that matter, the same U.S. Government. Why should I learn of this ridiculous untruthful charge years later and then through a newspaper story.
How can Dr. Mathis conclude that there are no quality controls at the Green Bay plants producing USDA School Lunch hamburger --- has he ever been there? None of my Graders or for that matter, none of my Supervisors, Tom Garafola, Amedio Fioravanti, Gary Thompson, Bill Simmerson, Gene Lasee nor I have ever heard of Dr. Mathis before or ever seen him at the Green Bay plants and one of us is in the Green Bay plants daily during School Lunch ground beef production.

If what Dr. Jamis M. Mathis said was true --- that is that the Review Inspector had concluded that dirty meat was being ground into hamburger --- why didn't they reject or condemn the hamburger in question --- since it was their duty to do so, if true and if they did not, they were not doing their job. For the record, no rejections were made and no one advised me or any of my people of what they claimed they had concluded.

7- I think we should make it crystal clear that Meat Grading and Meat Inspection are two entirely separate USDA agencies. Both work under USDA but Meat

Inspection checks the health of the animal at the time of slaughter and is responsible for the housekeeping of the entire meat packing plant --- cleanliness, clean-up, etc. This includes the entire premisies, coolers, freezers, kill floor, engine room, etc. While the Meat Grading and Meat Grading Acceptance Service follow rigid Grading Standards and specific Federal Purchase Specifications at Packerland Packing Company, Green Bay, as well as all my other plants, step by step as follows:

Step 1- The meat offered and accepted must be in an excellent fresh clean condition as determined by a USDA Meat Grader and stamped accordingly for control purposes.

Step 2- The meat offered must be of the specified quality grade for the primal cuts as determined by a USDA Meat Grader and stamped accordingly.

Step 3- The acceptable meat must be formulated in that at least 50% must be derived from primal cuts i.e. the beef round, loin, rib and chuck, and not more than 50% produced from shank, flank, plate and brisket. This determination is also made by a USDA Meat Grader and controlled accordingly by a USDA Meat Grader.

Step 4- After the meat qualifies under steps 1, 2, and 3, it is rigidly controlled by a USDA Meat Grader so that no other meat comes in contact during the boning operation.

Step 5- As the meat is boned, each piece of meat is picked up and closely examined by still another USDA Meat Grader for the removal and exclusion of tissue, membranes, cartilage, bones, ligaments, backstrap, glands, tendons, arteries, veins, etc., on its way to the grinder.

Step 6- At the grinder the meat is supervised by a USDA Meat Grader to see that the meat originating from the primal cuts and the other cuts, shank, flank, etc., is thoroughly blended for a quality mixture as it is fed into the grinder.

Step 7- Prior to and after grinding the meat is rigidly controlled as it is packaged by still another USDA Meat Grader by lot and contract number, for the purpose of sampling for the fat content requirement, as determined by a chemical analysis in a USDA laboratory in accordance with the Official Methods of Analysis of the Association of Official Analytical Chemists.

Step 8- After packaging, each container is sealed with pressure-sensitive tape with the imprint of the USDA "Federal Purchase" Stamp placed over the overlapping ends of the tape in a manner to insure a secure seal and to preclude tampering. At this point, the specifications require that the packaged ground beef be placed in a wind tunnel with adequate separators between boxes for rapid freezing at temperatures not higher than zero degrees fahrenheit within 4 hours after final grinding and packaging. At Packerland Packing Co., Green Bay, the School Lunch ground beef is placed in a sharp freezer within 10 minutes after final grinding and packaging---since the sharp freezer at Packerland Pkg. is located immediately adjacent to the formulation, boning and packaging cooler.

Step 9- At the time of loading, product destined for delivery to the schools---there is still another USDA Meat Grader that certifies the solidly frozen hamburger on an official certification certificate as follows:

(1) Contract number

(2) Notice to deliver number

(3) Name of Product

(4) Production lot number(s) and the date each lot was produced.

(5) Sample average fat content analysis of each production lot. (Calculated to two decimal places, e.g. 23.25).

(6) Sample average net weight of each production lot.

(7) Count of shipping containers and total projected net weight of product in each production lot.

(8) Total projected gross and net weights per delivery unit.

(9) Identity of car or truck (car numbers and letters, seals, truck license, etc.) as applicable.

(10) "Product conforms with Specifications, count and projected net weights certified."

At all times we had at least 5 meat graders on the job at Packerland, Green Bay controlling the production of the School Lunch hamburger.

8- My graders are highly qualified, conscientious meat technicians with many years of experience in the meat industry and with degrees in Animal Science from such schools as: Iowa State University, Penn State, Universities of Wisconsin, Minnesota, Ohio, Kentucky, Oklahoma State, North Carolina, Texas A&M, etc.

9- At least one of my supervisors is in the Packerland, Green Bay plant daily, during the School Lunch production season.

10- If there were hundreds of documents of complaints, warnings, etc., about Packerland's USDA School Lunch Hamburger, why wasn't I informed of these complaints? I should have been notified by someone --- so I could have shed a little truth and light on the inaccurate reports. I also have hundreds of documents, however, my documents attest to the high quality of the School Lunch hamburger.

11- I have 6 plants producing "School Lunch Ground Beef" in my area of responsibility, and from a sanitation and quality standpoint, you cannot purchase better hamburger at a restaurant, fast food service chain or grocery store. In fact, you would be hard pressed to purchase as good commercially.

12- I have worked in and supervised 1/3 of all the States in the United States at one time or another, during my 30 years service in the USDA Meat Grading Service and this type of newspaper reporting in my opinion is horrendous. It is a disgrace to degrade people who are doing a good job and are proud of their accomplishments, then to read in the newspaper they are accused of sloughing off, on the job --- and the grounds for such a story is found in what they say are hundreds of complaints (raw meat inspection files) and then not getting off their duff and checking out the complaints or actually visiting and seeing the operation first hand. Further, it is inconceivable that an editor could approve the publishing of such irresponsible reporting that actually undermines the confidence of the parents of children participating in the School Lunch Program, in which so many dedicated people work so hard in the packing plants [illegible] school cafeterias to see that our children get the very finest school lunch.

13- Another important point to consider is that a large percentage of the meat processed at the University, Green Bay plant, for School Lunch hamburger was not slaughtered in Green bay. However, this meat was Federally Inspected before it was shipped to Green Bay. So if some officials in the USDA Meat Inspection Department and the Des Moines Register reporters are speculating -- that dirty meat was processed into the School Lunch hamburger in Green Bay--- It should be remembered that all the meat was not slaughtered at Packerland, Green Bay. In fact, meat from firms in other parts of Wisconsin, Iowa, Illinois, So. Dakota, and Missouri, was processed into the School Lunch hamburger at the Packerland - University, Green Bay plant. Let me assure you again, (and my assurance is not based on speculation --- since I was there) there was no dirty meat processed into the School Lunch hamburger in the Green Bay plants --- regardless of whether it was slaughtered in Green Bay, other parts of Wisconsin or in Iowa, So. Dakota, Illinois, Missouri, etc.

14- It appears to me there have been too many long distance assumptions, conclusions-- and too much loose speculating, by both USDA officials and the Des Moines Register --- since some have not been to Green Bay --- as far as we know.

This whole situation is so ridiculous when you consider --- so many USDA officials claim they know of problems with the School Lunch Hamburger --- but none of these officials --- ever had the interest or forethought to contact me --- John E. Coplin --- eventho I had and have the overall responsibility for the quality of the School Lunch Hamburger produced at Packerland, Green Bay.

Note: All references to Packerland, Green Bay in this statement is intended to also include the operation at the University, Green Bay plant --- since both are synonymous --- with regard to the production of School Lunch Hamburger in Green Bay, Wisconsin.

If I have not fully covered this situation, it is due --- in part, to the limited time I had to prepare this statement.

Mr. Blouin. All right. Thank you very much.

At this point, I would like to turn to Mr. Dvorak, assistant to the president of Packerland, for an opening statement and then, as I have said earlier, we will then go back to the USDA panel for questioning followed by Mr. Dvorak.

Mr. Dvorak, if you would state your position for the record, and then proceed with your statement as you wish.

STATEMENT OF NORVAL DVORAK, ASSISTANT TO THE PRESIDENT, PACKERLAND PACKING CO., GREEN BAY, WIS.

Mr. Dvorak. Thank you, members of the committee.

I wonder if I could have copies of the testimony that Ms. Foreman gave and likewise anyone else, if that could be made available to me?

Mr. Blouin. I see no reason why you would not be able to have copies of that and copies of the entire transcript when it is available.

Mr. Dvorak. We appreciate the opportunity to appear before the Committee on Elementary and Secondary Education to defend the current method of procurement of meat products for the program by public bidding procedures and also to publicly defend ourselves among the unwarranted and flagrant charges levied against Packerland by two Des Moines Register reporters.

Let me begin with the former. I am certain that it is the desire of all concerned to, first of all, procure and distribute a sanitary, wholesome meat product that meets predetermined contractual standards. Second, to do this on a competitive bid basis so that the taxpayer is assured of receiving the maximum amount of meat per dollar expended.

Third, set up a system of procurement and distribution that makes the quality and quantity available to the maximum number of children and needy in the most efficient manner.

Let me address my next remarks to the above, recognizing that these remarks may be totally construed to be self-serving.

First: There is no more thorough inspection of meat for quality and sanitation and grade than in the USDA meat procurement programs. It is more intensive and extensive than is true for normal consumer distribution and it is as extensive and intensive at Packerland plants as it is in any plant in the United States, and you will never begin to duplicate it in decentralized purchasing.

Second: The personnel doing the inspecting and grading and monitoring of quality within Packerland plants are as competent, thorough, uncompromising and have as high a standard of integrity as in any plant in the United States. They accept no favors, give no favors, and you have probably learned from the articles that we do not grant very many.

The consumer is extremely well-protected.

Third: We shall challenge anyone to show us where any Federal agency in the food field or other gets more for its money or does a more effective job of handling such a mammoth program with such a limited bureaucratic structure to do it with. We have seen study after study that you shall never be able to, short of total computerization, purchase and distribute meat product as at low a cost and get as high a degree of uniformity—and I underline this—as high a quality product as what you are getting right now with the present centralized system. When you show me otherwise, I will be happy to publicly apologize for my adamancy.

With decentralization, you will not have the expertise of people who have the knowledge of cattle prices, cyclical market levels, production costs, and transportation costs that you currently have. Leaving these decisions to individual districts will result in increased wastes, higher food costs and expose the system to far greater potentials for graft and corruption.

We would hope that our suspicions are wrong that someone solicited two reporters to discredit our company and the program in order to cast it into disrepute and cause a highly effective procurement program to be scrapped or altered.

With the Freedom of Information Act, anyone has a right to have access to all the records and correspondence between the regulatory agencies and the industries that they regulate. This correspondence and the reports are a method of communicating the everyday relationships that are needed to maintain a plant's operation and the product in compliance with the sanitation standards set up by the Government agency.

In that correspondence, you can find anything that is privy between regulator and regulatee. You can build any case you want to build. You can start out with a hypothesis and find material to support whatever theory you wish to run with if you choose to ignore that which does not fit your hypothesis, and that is exactly what has been done here.

We are not lily white, we are not infallible, but we do turn out a good, wholesome product in a sanitary environment that is better than average for the industry. We ask members of the Committee to make unannounced visits to our plant, to make firsthand observations of our operations to make their own determinations, if they doubt our credibility. Had the reports in question bothered at any time to verify the insinuations and allegations, had they at any time requested a visit to our plants to make on-site observations, they would have found our premises to be clean and our product sanitary.

We recognize this would not have fit their style of journalism, and they chose not to do so. At no time have they seen fit to call us or attempt to verify.

Now, let's take a look at what the areas of contention and confrontation have been. Our confrontations and disagreements have been in the areas of procedure and form, and not substance.

Congress has created regulatory agencies with police powers, agencies that literally draw up laws upon themselves, regulations from which there is no recourse except through the usage of the courts—and we have used them—or recourse by requesting congressional assistance to get relief from the interpretation and the application of the regulations.

We have also used that approach, and as far as I am concerned, should the need arise again, we will use it again, for we are totally entitled in our democratic society to obtain this relief if we feel our rights have been unjustly infringed upon.

If you look further in the correspondence, you will find that

I wrote a letter of thanks to our elected representatives for helping us obtain relief from what we held to be unrealistic conditions.

I do not now, nor shall I ever, feel that every decision made by Government regulatory agencies is infallible, is cast in bronze as one of the Ten Commandments, and that it is beyond question. We have taken issue if we felt that: (*a*) Regulations were being affected that were oppressive in nature, that would cost the industry and added nothing to the quality and the wholesomeness of the product; (*b*) if USDA personnel was exceeding its authority in the exercise of its duties and responsibilities. Putting a badge on an individual does not automatically give that individual supernatural power of objectivity and wisdom of interpretation of regulations; (*c*) there was a harrassment of company or company personnel. We felt—and again, the same correspondence files will show—that we urged that the same standards and penalties be applied to USDA personnel who harrassed or intimidated industry personnel, as is applied if plant personnel harrasses USDA personnel.

Above and beyond this, the correspondence files will show that we have been critics of the structure of the APHIS organization. We felt it was overstructured, a chain of command too long, the responsiveness to industry's needs too slow, and that intimidation existed within the system that resulted in personnel on the scene afraid to make decisions.

We have encouraged a structure that would eliminate area officers and provide for greater local autonomy in decisionmaking to expedite these processes.

We have indicated numerous times that industry is not an enemy, should not be treated as such, and that progress is made through cooperation and understanding.

Now, the articles, very selectively, have taken part of Dr. Mulhern's correspondence to me out of context to indicate his response to our supposed many problems. Sadly, they chose to ignore that the letter was not a response to sanitation problems but to problems of procedure and actions of departmental personnel that we were challenging.

If any of you desire to delve into that correspondence file, I think that you will also find that we have probably been the toughest fighters for the meat industry prerogatives that Dr. Mulhern has had to contend with, and if you further wish to delve into President Carter's files, you will also find that I commend President Carter, unknown to Dr. Mulhern, as being one of the most competent and enlightened administrators we had in the USDA.

If it behooves you to test our relationships with the inspection service—and, oddly enough, I believe they are excellent—I suggest you call on the inplant inspectors, the veterinarians and circuit supervisors in the Green Bay and Chipewa Falls areas and make that determination first hand.

Now, let me address myself to the reporters' charges of contaminated meat, predicated upon a report to one Dr. Mathias. First of all, I have never met him, and I doubt if he has ever been in one of our plants. If the allegations were as stated, and as serious as made out to be, he surely should have paid a call upon us. Likewise, I am sure that the reporters read the correspondence I had with Dr. Mulhern over the inspection, but because it did not fit their hypothesis, they chose to ignore it.

I am making these letters available to the committee members if they should so desire them. Dr. Whitman, making the inspection, did not, at any time, observe contaminated meat going past the last points of inspection by the MID, past our last two quality control people, or the last two USDA graders who inspected every piece of meat before it reaches the grinders. Packerland weekly, outside of its own slaughtering, purchases carcasses for Government programs from numerous plants in Iowa, Minnesota, South Dakota, Kansas, and others. All carcasses are inspected and trimmed, if needed, and unloading, prior to cutting and anywhere on the processing line for any possible contamination.

Through this procedure, contaminated or defective product does not reach the grinder. No mention was made in the article of the added safeguards that Packerland proposed to APHIS where we imposed on ourselves standards 25 percent tougher than those requested by APHIS. You should also be made aware that we worked under those standards for the entirety of this past contract season from December through February, producing 300,000 to 400,000 pounds of ground hamburger daily and only once, for approximately 2 hours, were we changed from on-line to lot inspection.

That, I will assure you, has few, if any, parallels in this industry.

There are thousands of documents, MC–20's, AQL's, daily routine communication records between inspection personnel and plant management. This is the glue that binds the two forces together and gives the consumer its needed protection. This is the planned programing for progress on which we have been singled out for abuse, yet every plant in the United States has them.

One last introduction I would like to make to this committee. Attached appendix A—here is an article that appeared in the Des Moines Register on April 19, 1977. I would like to have you read it, and read into it all the innuendos, all of the attempts to smear and to degrade our establishment by trying to insinuate that Packerland might have produced the meat on which 120 children got sick, and then reread that second-to-last paragraph.

"One reason the children in Pochontas suffered from food poisoning was because it was prepared too far in advance of serving, he said." Wasn't it sad that it could not be traced back to Packerland so that somehow their allegations could be substantiated?

I would like to conclude with two requests. First of all, I feel you ought to take a look at these releases and figure out who best would be served by the destruction of Packerland and the centralized bidding system which we rate as extremely efficient.

Second: Do not take anyone else's word for it. Our invitation stands. Come in on us unannounced, tour our facilities, judge them by any standards of the industry, and then compliment the inplant inspectors and graders for the job they are doing, for they feel they have been grossly maligned.

Mr. Blouin. Thank you very much, Mr. Dvorak.

[Packerland Packing Company statements follow:]

Testimony to be offered before the Elementary & Secondary Committee, 1120 Longworth Building, Washington, D.C. May 2, 1977 by Norval Dvorak.

We appreciate the opportunity to appear before the Committee on Elementary and Secondary Education to defend the current method of procurement of the meat products for the program by public bidding procedures, and also to publicly defend ourselves against the unwarranted and flagrant charges levied against Packerland by two Des Moines Register reporters.

Let me begin with the former. I'm certain that it is the desire of all concerned to:

a. procure and distribute a sanitary, wholesome meat product that meets pre-determined contractual standards,

b. do this on a competitive bid basis so that the tax payer is assured of receiving the maximum amount of meat per dollar expended,

c. set up a system of procurement and distribution that makes the quality and quantity available to the maximum number of children and needy in the most efficient manner.

Let me address my next remarks to the above recognizing that these remarks may be totally construed to be self-serving.

1. There is no more thorough inspection of meat for quality and sanitation and grade than in the U.S.D.A. meat procurement programs. It is more intensive and extensive than is true for normal consumer distribution, and it is as extensive and intensive in Packerland Plants as it is in any plant in the U.S., and you will never begin to duplicate it in decentralized purchasing.

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accept no favors, give no favors and you've probably learned from articles, we don't grant very many. The consumer is extremely well protected.

3. We shall challenge anyone to show us where any federal agency in the food field or other gets more for its money or does a more effective job of handling such a mammoth program with such a limited bureaucratic structure to do it with. You may have seen study after study, but you shall never be able to, short of conceivably at total computerization, purchase and distribute meat product at as low a cost and get as high a degree of uniformity and as high a quality product as what you're getting right now with the present centralized system. When you show me otherwise, I'll be happy to publicly apologize for my adamancy. With decentralization you shall not have the expertise of people who have the knowledge of cattle prices, cyclical market levels, production costs and transportation costs that you currently have. Leaving these decisions to individual districts will result in increased waste, higher food costs, and expose a system to far greater potentials for graft and corruption.

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We are not lily white, we are not infallible, but we do turn out a good, wholesome product in a sanitary environment that is better than average for the industry. We ask members of the Committee to make unannounced visits to our plants; to make first hand observations of our operations; to make their own determination if they doubt our credibility. Had the reporters in question bothered at anytime to verify these insinuations and allegations, had they at anytime requested a visit to our plants to make on site observations, they would have found our premises to be clean, our product sanitary. We recognize this would not have fit their style of journalism and so they chose not to do so. At no time have they seen fit to call us or attempt to verify. Now let's take a look at what the areas of contention and confrontation have been.

Our confrontations and disagreements have been in the areas of procedure and form, not substance.

Congress has created regulatory agencies with police powers, agencies that literally draw up laws unto themselves. Regulations from which there is no recourse except through the usage of the Courts, and we have used them--or recourse by requesting Congressional assistance to get relief from the interpretation and application of the regulations. We have also used that approach, and as far as I'm concerned, should the need arise again, we'll use it again for we are totally entitled in our democratic society to obtain this relief if we feel our rights have been unjustly infringed upon. If you look further in correspondence, you will find that I wrote a letter of thanks to our elected Representative for helping us obtain relief from what we held to be unrealistic conditions.

I do not now, nor shall I ever, feel that every decision made by a government regulatory agency is infallible, is cast in bronze as one of the 10 Commandments, and that it is beyond question.

We have taken issue if we felt that:

a. Regulations were being effected that were oppresive in nature, were costly to the industry and added nothing to the quality or wholesomness of the product.

b. U.S.D.A. personnel was exceeding its authority in the exercise of its duties and responsibilities. Putting a badge on an individual does not automatically give that individual supernatural power of objectivity and wisdom of interpretation of regulations.

c. There was a harassment of company or of company personnel. We felt, and again the same correspondence files will show, that we urged that the same standards and penalties be applied to U.S.D.A. personnel who harassed or intimidated industry personnel as is applied if plant personnel harass U.S.D.A. personnel.

Above and beyond this, the correspondence files will show that we have been critics of the structure of the A.P.H.I.S. organization. We felt it was over structured, the chain of command too long, the responsiveness to industry's needs too slow and that intimidation existed within the system that resulted in personnel on the scene afraid to make decisions. We have encouraged a structure that would eliminate area offices and provide for greater local autonomy in decision-making to expedite those processes. We have indicated numerous times that industry is not an enemy, should not be treated as such, and that progress is made through cooperation and understanding.

Now, the articles very selectively have taken part of Dr. Mulhern's correspondence to me out of context to indicate his response to our supposed many problems. Sadly, it chose to ignore that the letter was not a response to sanitation problems, but to problems of procedure and actions of departmental personnel that we were challenging. If any of you desire to delve into that correspondence file, I think you'll also find that we've probably been the toughest fighters for meat industry prerogatives he's had to contend with. And, if you wish to delve into President Carter's files, you'll also find that I commended Dr. Mulhern to President Carter (unknown to Dr. Mulhern) as being one of the most competent and enlightened administrators we had in the U.S.D.A.

If it behooves you to test our relationships with the Inspection Service, and I believe they're excellent, I suggest you call on the in-plant inspectors, veterinarians and circuit supervisors in the Green Bay and Chippewa Falls area and make that determination first hand.

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One last introduction I'd like to make to this Committee. Attached ("A") here is an article that appeared in the Des Moines Register on April 19, 1977. Read into it all of the innuendos, all of the intents to smear and to degrade our establishment by trying to insinuate that Packerland might have produced the meat on which 120 children got sick, and then re-read that second last paragraph.

> "One reason the children in Pochontas suffered from
> food poisoning was because it was prepared too far
> in advance of serving, he said".

Wasn't it sad that it couldn't be traced back to Packerland so that somehow their allegations could be substantiated.

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Des Moines Register -- April 19, 1977

MEAT CAUSED 125 STUDENTS TO BECOME ILL

Pocahontas
DES MOINES
0 ... 100

Ground meat served in chili at two elementary schools in Pocahontas was contaminated and resulted in 125 students becoming "seriously ill," an official of the Iowa Department of Health said Tuesday.

Dr. Russell Currier, director of the department's disease prevention division, said, however, that no check was made to determine which company supplied the meat to the schools.

Vern Carpenter, director of the state's Child Nutrition Programs, said there is no way to tell if the meat came from Packerland Packing Co. of Green Bay, Wis., or its allied plants.

Department of Agriculture (USDA) records show that Packerland, which supplied 22 per cent of the ground meat to Iowa's school lunch programs during the past year, has serious sanitation problems.

Currier said the chili was served to the students in Pocahontas on Mar. 17, and he said 125 of them suffered severe stomach cramps and diarrhea that night and the next day. He said absenteeism at the schools was much higher than usual the following day.

The children in Pocahontas are the only ones known to have suffered food poisoning during the past year, Carpenter said.

After the incident in Pocahontas, Currier said he made several recommendations to school officials there. They included:

- Don't prepare meat-based foods any longer in advance than is absolutely necessary.
- Use pre-heated holding ovens. Don't put hot foods in ovens that are not pre-heated.
- Discourage the serving of leftovers.

The best way to prevent food poisoning is through proper food storage, handling and preparation, he said.

One reason the children in Pocahontas suffered food poisoning was because it was prepared too far in advance of serving, he said.

While the type food poisoning they got made them seriously ill, it was not the type that lasts long and most recovered within a day, he said.

APPENDIX "A"

Testimony to be offered before the Elementary & Secondary Committee, 1120 Longworth Building, Washington, D.C. May 2, 1977, by Robert Rotter, Plant Superintendent of Packerland Packing Co., Inc.

I have been employed in the beef industry since 1953, entering it immediately upon completion of 6 years service in the U.S. Army. I am familiar with all phases of this industry and have been with Packerland Packing Company since 1962. Since joining Packerland Packing Co., I have been appointed Superintendent in charge of Production and in that capacity I come into close contact with the management of all affiliated Packerland plants.

After the story broke in this Midwest Newspaper that so severely criticized the products which were produced at Packerland Packing Co. and sister plants, I began to review these articles and the history of our plants. After doing so I feel it imperative that our defense of these allegations and innuendos be publicly stated and have asked to be allowed to be present at these hearings.

Packerland Packing Co. has always been an agressive competitor; in the farmer's yard, the feed lot, the auction yard, and the market place. Because of our aggressive attitude it also led to controversy. This controversial image of our Company probably was furthered by our late founder and president, S.W. Frankenthal. He was a forceful individual who demanded his rights under what he called "The American Way." He did not stand idly by when he felt a repressive action was infringing upon these rights.

As our Company was in its infancy, I as a laborer, observed actions taken by Governmental agencies against this Company that threatened its very existence. I am sure if any individual in this room sincerely felt that his or her existence were threatened, he would take steps accordingly to nullify that threat. This did happen, and if Mr. Frankenthal requested help from our elected representatives, I am sure he felt it was necessary.

During the years I have seen U.S.D.A. Inspectors, Veterinarians, Review officers, Regional, Area and Circuit supervisors come and go. Certainly there were areas of dispute and criticism. We have remained in compliance. The aggressive attitude of our Company has not changed and we still receive criticism. I do not feel that criticism, if warranted, is harmful. It is a give and take means of communication that is necessary in our indutry. Herein lies the problem. The criticisms by the U.S.D.A., regardless of which branch, must be documented according to policy, and therefore becomes a matter of record. To a layman, some statements in these documents in regard to sanitation seem to cause fear and create questions. When this fear is multiplied by the journalism displayed in news print with the intent to sell papers by sensationalism, a national outcry arises. To the U.S.D.A representative and the Company manager in charge, these documents are a means of communication. Most of the daily communications between the U.S.D.A. and the Company are documents dealing with daily problems. Some require corrective action and some do not. They all are a matter of record, documented and available at all local U.S.D.A. offices. In the case of Packerland Packing Company, all obligations were and are being fulfilled.

We are a slaughter plant as well as a processing plant. Our methods of slaughter or dressing are as automated as most in the industry. Our final product is wholesome and for the most part, is directed toward the grinding operations at our other Green Bay plant, the University Meats and Cold Storage plant. I will defy any beef packer in the country to slaughter and dress a beef animal in the clinically sterile conditions of the U.S.D.A. lab in Beltsville, MD. After this has been accomplished, one of us in this room will still find some evidence of dressing defects. This also is part of our industry.

I was the person in charge at the Chippewa Falls plant from our acquisition through the cleanup phase to the opening of that plant. I cannot recall any opposition form the U.S.D.A. in opening that plant. I requested a grant of inspection, hand carried it to the Circuit Supervisor (Dr. Johnson) who transmitted it to the area office. Inspections were held, the grant was issued and any difficulties were programmed. Only a week or two was spent for this approval and I feel an excellent rapport existed with the U.S.D.A. This is of course an older plant and programs are a continuing part of the normal operations.

The plant in Texas was in operation at the time of our purchase. The work force and inspection force merely continued under our management. To my knowledge, there were no problems with the U.S.D.A. in regard to our acquisition and start up of the Texas plant.

The rating of packing plants is the process of inspection by persons other than the local inspection force. I have been through many such sessions. For the most part all of our plants receive good ratings. The Chippewa Falls plant, which I explained is an old plant, received a 2 rating This was giver by a review officer who, in my presence, said that the building was old, but the cattle and other products were extremely clean. With the rating system that takes all aspects into consideration, I feel confident that we produce a clean and wholesome product.

The Lime Kiln Road Plant also is rated a 3. Please note, it has not always been so. In February of 1976, a review officer issued a No. 1 rating after severly criticising the procedures. These criticisms apparently are the basis of these news articles and are responsible for this gathering today.

The review officer appeared at the Univerity plant. He was bearded and did not personally meet our sanitary requirements in regard to facial hair. This was called to his attention by our superintendent in charge of the plant. Without the courtesy of shrouding his beard and complying with our sanitary requirements, this review officer made his inspection and issued a No. 1 rating at the University plant. The report speaks for itself. It contains mention of foreign material on meat and frankly is not complimentary. The product however was inspected prior to reaching the final quality control inspection point where 2 plant employees and 2 U.S.D.A. Grading Service members conduct constant inspection prior to grinding this meat for hamburger. None of these facts are documented however, and none have received mention in news print.

The review officer could not have felt that actual product contamination existed, as he took no action. I do not feel he was derelict in his duty, however, the paper articles that prompted this investigation seem to think he was. He was the officer on the scene, and had the authority to take action but only issued the rating. The only action taken was that of circuit supervisor Dr. Krivacek who instructed his inspection force to tighten up the inspection procedures at University Meats.

This entire episode was vigorously protested by Mr. Frankenthal and Mr. Dvorak at the Area and Regional offices and to the Washington office of Dr. Mulhern. At the time of this protest, a representative from the Regional office from Des Moines was present at the plant and he held another review of the product. He conferred with his supervisor, the Regional Director. This representative did not have the authority to change the rating but did have the authority to halt production. He in fact allowed us to continue production without curtailing any of our automated processing procedures.

Another review was held at our request and a 3 rating was given. I feel the entire situation was caused by an individual who did not understand the automation involved, the physical position of our quality control personnel and the safeguards that were implemented by the U.S.D.A. Grading Service prior to the final grinding of the product.

Our protests were immediate and justified. We were given an opportunity to defend our position and the fact that no production was halted by the U.S.D.A. individuals on the scene serves to prove that only wholesome meat was ground into hamburger.

We have achieved our success with aggressive leadership and have the ability to cope with situations that arrive on a day to day basis. We have achieved specific automation in the industry that is the envy of most competitors. Some in our industry and some in our Government cannot conceive the magnitude of this achievement, and therefore are frightened into taking action detrimental to us that is not warranted.

Some may say our history has been marred with controversy. This may be true, but this controversy has arisen in our efforts to protect our rights. I swear to you, at no time have we or will we knowingly allow a product to reach the consumer that is less than wholesome.

Mr. Blouin. Representative Goodling of our subcommittee has a markup in progress down the hall and he would like to make two or three short statements before he leaves.

Mr. Goodling. Thank you, Mr. Chairman. I appreciate the opportunity.

Just two comments in relationship to Ms. Foreman's testimony. On page 5 where she indicates, "First, the records indicate that the management of this firm over a period of many years appears to have engaged in a pattern of harrassment" et cetera, et cetera, et cetera, even to the point of physical harrassment. All I can say is that if they are anything like they are in my district, the 19th District in Pennsylvania, they have to be the most poorly trained people in the world when it comes to public relations. Many times I, myself, have felt like punching one or two of them in the nose.

I get more calls because of their lack of public relations knowhow or something over meat inspections. They have driven out most of the small butcher shops in our area—more than anything else, other than social security, I suppose.

Second: On page 7, you take care of the problem. So it seems to me that it is a lot to do about nothing, as we say back home because on page 7 it appears that you are going to take care of the problem anyway.

My only other comment would be directed to Mr. Dvorak.

I noticed you used the opportunity to plug centralized purchasing. I was not impressed at all. I will still fight for cash in lieu of commodities wherever possible. I know what those local people do and we are in and out of their shops all the time. I will pay a few more pennies for that.

But basically, I think it is a lot to do about nothing.

Thank you, Mr. Chairman.

Mr. Blouin. Thank you, Mr. Goodling and thank you, Mr. Dvorak.

At this point, I would like to shift to the USDA panel for questioning from members of the subcommittee, composed of Secretary Foreman, Dr. Mulhern, Dr. Fullerton, Dr. Burkert, Dr. Uhler, Mr. Coplin and any other members of the USDA that the Secretary feels ought to be there.

Ms. Foreman. It might be worthwhile, Mr. Chairman, if we could get some chairs drawn up at the end of the table so that Dr. Burkert and Dr. Coplin could sit here with us.

Mr. Blouin. I see no problem with that. Just pick up the chair you are sitting in and bring that around, if you would prefer.

Ms. Foreman, let me start, if I might, with a couple of short questions.

How many plants are currently under contract to provide ground beef for the school lunch program?

Ms. Foreman. Just a minute, sir.

Mr. Uhler. At this time, Mr. Chairman, we are not contracting for any commodity. The most recent general range of bidders ran in the vicinity of 20 to 25 on frozen ground beef, if you are talking about that particular commodity.

Mr. BLOUIN. Well, let's take this present year that is just finished. How many contracts to different plants, Packerland being one, have been awarded in the course of the year.

Mr. UHLER. If we take the total number of participants in the program, I would say probably around 30 to 32 vendors have participated in the program over the course of the buying operation.

Mr. BLOUIN. Is that an average year, 30 to 32?

Mr. UHLER. Yes; I would think so.

Mr. BLOUIN. Would you be able to submit for the record, Mr. Secretary, a list of the plants which have supplied meat for the school lunch program in the last five years and the amounts purchased by each?

Ms. FOREMAN. I believe that our records are sufficient to do so, and we will.

[Information requested follows:]

SUMMARY: Purchase Activity
F/Y 1972 - 1977
Frozen Ground Beef and Canned Beef

FISCAL YEAR	FROZEN GROUND BEEF						CANNED BEEF with NATURAL JUICES		TOTAL ALL THREE COMMODITIES	
	BULK		PATTIES		TOTAL BULK & PATTIES					
	Pounds Purchased	No. of 1/ Contractors	Pounds Purchased	No. of 1/ Contractors	Pounds Purchased	No. of 1/ Contractors	Pounds Purchased	No. of 1/ Contractors	Pounds Purchased	No. of 1/ Contractors
	Purchases/Million Pounds									
1972	41.8	24	3.1	5	44.9	26	NO PROGRAM		44.9	26
1973	NO AWARDS		NO PROGRAM				NO PROGRAM			
1974	2/90.4	33	NO PROGRAM		90.4	33	NO PROGRAM		90.4	33
1975	134.1	38	NO PROGRAM		134.1	38	28.0	11	162.1	47
1976	86.7	33	11.7	12	98.4	35	56.4	8	154.8	42
1977*	132.2	33	13.4	7	145.6	33	53.3	4	198.9	36
Total	485.2		28.2		513.4		137.7		651.1	

1/ Since Packerland and its affiliates bid on these programs individually, this count reflects each firm as an individual contractor.

2/ Includes Choice and Prime Frozen Ground Beef Program.

* Data reflects Frozen Ground Beef Program beginning July 21, 1976, and ending February 17, 1977; and Canned Beef Program beginning August 20, 1976, and ending March 30, 1977.

AMS-LS
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Frozen Ground Beef Purchases for Section 6 - Fiscal Year 1972
By Vendor

Vendor	Bulk			Patties			Total		
	Quantity		Value	Quantity		Value	Quantity		Value
	Pounds	%	Dollars *	Pounds	%	Dollars *	Pounds	%	Dollars *
Armour & Co.									
Nampa, Idaho	38,500	.09	21,649	--	--	--	38,500	.09	21,649
St. Paul, Minn.	2,849,000	6.82	1,551,007	--	--	--	2,849,000	6.34	1,551,007
Total - Armour & Co.	2,887,500	6.91	1,572,656	--	--	--	2,887,500	6.43	1,572,656
Max Lauer Meat Packer, Inc. Miami, Fla.	4,235,000	10.14	2,348,596	637,500	20.24	383,899	4,872,500	10.85	2,732,495
S. Beck Meat Co., Inc.** Chicago, Ill.	847,000	2.03	466,847	--	--	--	847,000	1.89	466,847
Blue Ribbon Frozen Food Corp. Hamden, Conn.	--	--	--	37,500	1.19	22,166	37,500	.08	22,166
City Packing Co. Ft. Worth, Texas	308,000	.74	172,430	--	--	--	308,000	.68	172,430
Coast Packing Co. Portland, Ore.	770,000	1.84	432,470	2,400,000	76.19	1,412,843	3,170,000	7.06	1,845,313
Durham Meat Co. San Jose, Calif.	616,000	1.48	339,404	--	--	--	616,000	1.37	339,404
Hygrade Food Products Corp. Spokane, Wash.	154,000	.37	86,425	--	--	--	154,000	.34	86,425
Iowa Beef Processors, Inc. Dakota City, Neb.	1,001,000	2.40	561,176	--	--	--	1,001,000	2.23	561,176
Koch Beef Packing Co. Greensburg, Ind.	38,500	.09	21,556	--	--	--	38,500	.09	21,556
Lowy's Mehadrin Glatt Kosher Meat and Provision Corp. Brooklyn, N.Y.	38,500	.09	20,212	--	--	--	38,500	.09	20,212

(Cont'd)

(Cont'd)

Frozen Ground Beef Purchases for Section 6 - Fiscal Year 1972
By Vendor

Vendor	Bulk			Patties			Total		
	Quantity		Value	Quantity		Value	Quantity		Value
	Pounds	%	Dollars *	Pounds	%	Dollars *	Pounds	%	Dollars *
E. A. Miller & Sons Packing Co., Inc. Hyrum, Utah	192,500	.46	106,972	--	--	--	192,500	.43	106,972
[illegible]'s Wholesale Meats, Inc. Red Bluff, Calif.	--	--	--	37,500	1.19	22,108	37,500	.08	22,108
Packerland Packing Co., Inc. Green Bay, Wis.	16,863,000	40.37	9,221,509	--	--	--	16,863,000	37.54	9,221,509
Purity Meats, Inc. Powell, Tenn.	77,000	.18	42,920	--	--	--	77,000	.17	42,920
Royal Meat Co. Glendale, Ariz.	924,000	2.21	517,832	--	--	--	924,000	2.06	517,832
Rudnick & Silva, Inc. Stockton, Calif.	77,000	.18	43,120	--	--	--	77,000	.17	43,120
Sam Sacks, Inc. Chicago, Ill.	1,501,500	3.59	826,553	--	--	--	1,501,500	3.34	826,553
Sioux City Dressed Beef Co. Div. of Needham Pkg. Co., Inc Fargo, N.D.	2,425,500	5.81	1,343,430	--	--	--	2,425,500	5.40	1,343,430
Sioux City, Iowa	3,349,500	8.02	1,844,805	37,500	1.19	22,466	3,387,000	7.54	1,867,271
Total - Sioux City Dressed Beef Co.	5,775,000	13.83	3,188,235	37,500	1.19	22,466	5,812,500	12.94	3,210,701
Stevens Foods, Inc. Davis, Texas	77,000	.18	43,220	--	--	--	77,000	.17	43,220
Texas Meat Packers, Inc. Dallas, Texas	847,000	2.03	469,854	--	--	--	847,000	1.89	469,854

(Cont'd)

(Cont'd)

Frozen Ground Beef Purchases for Section 6 - Fiscal Year 1972
By Vendor

Vendor	Bulk			Patties			Total		
	Quantity		Value	Quantity **		Value	Quantity		Value
	Pounds	%	Dollars *	Pounds	%	Dollars *	Pounds	%	Dollars *
Ward Meat Corp. Malden, Mass.	962,500	2.21	536,748	--	---	--	962,500	2.14	536,748
Western Packing Co. Div. of [illegible] Packing Co., Inc. Seattle, Wash.	500,500	1.20	281,208	--	--	--	500,500	1.11	281,208
Wilson Certified Foods, Inc. Oklahoma City, Okla.	115,500	.26	64,022	--	--	--	115,500	.26	64,022
Wilson-Sinclair Co. Albert Lea, Minn.	231,000	.55	130,900	--	--	--	231,000	.51	130,900
Cedar Rapids, Iowa	231,000	.55	130,900	--	--	--	231,000	.51	130,900
Total Wilson-Sinclair Co.	462,000	1.10	261,800	--	--	--	462,000	1.02	261,800
Wisconsin Packing Co., Inc. Butler, Wis.	2,502,500	5.95	1,372,857	--	--	--	2,502,500	5.57	1,372,857
Grand Total	41,672,500	100.00	22,998,760	3,250,000	100.00	1,863,482	44,922,500	100.00	24,862,242

Prices are f.o.b. shipping point.
Quantity reflects actual point of processing.

* Rounded to nearest dollar.

** Defaulted on 5 contracts in their entirety (10 cars - 325,000 lbs.).
"Bought against" - March 21, 1972.

Number of Bulk contractors = 24
" " Patty " = 5

Frozen Ground Beef: Purchases by Vendor
Fiscal Year 1974

Vendor	Institution [illegible] 1/									Institution 13-63 1/			Total Purchases		
	Section 32			Section 6			Total 6 & 32			Section 32					
	Quantity		Value	Quantity		Value	Quantity		Value	Quantity		Value	Quantity		Value
	Pounds	%	Dollars	Pounds	%	Dollars	Pounds	%	Dollars	Pounds	%	Dollars	Pounds	%	Dollars
Fla. Dixie Meat Packer, Inc. Miami, Fla.	962,500	4.17	968,853	577,500	2.62	538,942	1,540,000	3.39	1,507,795	2,733,500	6.08	2,720,217	4,273,500	4.73	4,228,012
E. Dela Meat Co., Inc. Chicago, Ill.	308,000	1.32	311,265	77,000	.35	71,448	385,000	.85	382,713	-	-	-	385,000	.43	382,713
Durham Meat Co. San Jose, Calif.	770,000	3.30	748,748	38,500	.18	36,179	808,500	1.78	784,927	577,500	1.28	581,011	1,386,000	1.54	1,365,938
Farrell's Meat Co. Palo Alto, Calif.	-	-	-	-	-	-	-	-	-	269,500	.60	265,103	269,500	.30	265,103
Flavorland Industries, Inc. Div. of Flavorland Industries, Inc. Seattle, Wash.	-	-	-	-	-	-	-	-	-	308,000	.69	308,516	308,000	.34	308,516
General Meat Co. 2/ Paris, Tex.	-	-	-	231,000	1.04	214,599	231,000	.51	214,599	-	-	-	231,000	.25	214,599
Gold Point Beef Processors, Inc. Jacksonville, Fla.	-	-	-	115,500	.52	107,126	115,500	.25	107,126	-	-	-	115,500	.13	107,126
Gold-Pak Meat Co., Inc. Los Angeles, Calif.	-	-	-	-	-	-	-	-	-	2,271,500	5.06	2,269,471	2,271,500	2.51	2,269,471
Gold King Meat Co. Div. of [illegible] Foods, Inc. Los Angeles, Calif.	154,000	.66	143,366	-	-	-	154,000	.34	143,366	77,000	.17	77,470	231,000	.25	220,836
Great Lakes Steak Co. Div. of [illegible], Inc. Detroit, Mich.	-	-	-	385,000	1.75	357,338	385,000	.85	357,338	-	-	-	385,000	.43	357,338
Hygrade Food Products Corp. Spokane, Wash.	462,000	1.98	454,512	577,500	2.62	541,217	1,039,500	2.29	995,729	77,000	.17	79,695	1,116,500	1.24	1,075,424
Tacoma, Wash.	385,000	1.64	371,848	539,000	2.44	501,513	924,000	2.03	873,361	-	-	-	924,000	1.02	873,361
Total	847,000	3.62	826,360	1,116,500	5.06	1,042,730	1,963,500	4.32	1,869,090	77,000	.17	79,695	2,040,500	2.26	1,948,785
Iowa Beef Processors, Inc. Dakota City, Neb.	-	-	-	-	-	-	-	-	-	770,000	1.72	722,953	770,000	.85	722,953
Levy's Wholesale Meat and Provision Corp. Brooklyn, N.Y.	-	-	-	77,000	.35	71,610	77,000	.17	71,610	-	-	-	77,000	.08	71,610
Mid-South Packers, Inc. Tupelo, Miss.	38,500	.16	38,307	-	-	-	38,500	.08	38,307	38,500	.08	39,463	77,000	.08	77,770
E.A. Miller & Sons Packing Co., Inc. Hyrum, Utah	269,500	1.15	262,447	269,500	1.22	255,309	539,000	1.19	517,756	346,500	.77	340,120	885,500	.98	857,876
Minch's Wholesale Meats Red Bluff, Calif.	1,078,000	4.67	1,037,105	962,500	4.36	913,085	2,040,500	4.49	1,950,190	1,193,500	2.66	1,170,689	3,234,000	3.58	3,120,879
John Morrell & Co. Los Angeles, Calif.	-	-	-	-	-	-	-	-	-	269,500	.60	269,997	269,500	.30	269,997
Memphis, Tenn.	115,500	.49	116,066	-	-	-	115,500	.25	116,066	-	-	-	115,500	.13	116,066
St. Paul, Minn.	-	-	-	-	-	-	-	-	-	231,000	.52	216,732	231,000	.26	216,732
Sioux Falls, S.D.	-	-	-	-	-	-	-	-	-	231,000	.51	216,732	231,000	.25	216,732
Total	115,500	.49	116,066	-	-	-	115,500	.25	116,066	731,500	1.63	703,461	847,000	.94	819,527

- Continued -

Page 2 - Frozen Ground Beef F/Y 1974 (Cont'd)

Vendor	Invitation LS-40 1/									Invitation LS-63 1/			Total Purchases		
	[illegible]			[illegible]			Total [illegible]			Section 32					
	Quantity		Value	Quantity		Value	Quantity		Value	Quantity		Value	Quantity		Value
	Pounds	%	Dollars*	Pounds	%	Dollars*	Pounds	%	Dollars*	Pounds	%	Dollars*	Pounds	%	Dollars*
Oakland Meat Co., Inc. San Leandro, Calif.	-	-	-	-	-	-	-	-	-	38,500	.08	40,040	38,500	.04	40,040
Packerland Packing Co., Inc. Green Bay, Wis.	8,470,000	36.35	8,175,094	12,705,000	57.59	11,889,370	21,175,000	46.61	20,064,464	13,821,500	30.76	13,416,057	34,996,500	38.73	33,480,551
Prime Packing Co., Inc. Chicago, Ill.	2,733,500	11.73	2,628,622	885,500	4.02	825,660	3,619,000	7.96	3,454,282	2,618,000	5.83	2,513,980	6,237,000	6.90	5,968,262
Rocking R Foods, Inc. Santa Fe Springs, Calif.	197,500	.85	190,575	-	-	-	197,500	.43	190,575	731,500	1.63	729,949	929,000	1.02	920,524
[illegible] & Ellis, Inc. Stockton, Calif.	-	-	-	-	-	-	-	-	-	2,772,000	6.17	2,537,293	2,772,000	3.07	2,537,293
[illegible] Farms, Inc. Chicago, Ill.	1,001,000	4.29	967,609	115,500	.52	106,826	1,116,500	2.46	1,074,435	154,000	.34	152,880	1,270,500	1.40	1,227,315
[illegible] Packing Co. Los Angeles, Calif.	1,114,500	4.78	1,075,779	695,000	3.14	646,361	1,809,500	3.98	1,722,140	2,695,000	6.00	2,699,889	4,504,500	4.99	4,422,029
B. Schwartz & Co. Chicago, Ill.	-	-	-	-	-	-	-	-	-	6,776,000	15.08	6,824,002	6,776,000	7.50	6,824,002
Serv-All Foods, Inc. [illegible], Ky.	-	-	-	-	-	-	-	-	-	77,000	.17	77,516	77,000	.08	77,516
Somerville Dressed Meat Co. [illegible], Mass.	231,000	.99	228,844	192,500	.87	179,880	423,500	.93	408,724	-	-	-	423,500	.47	408,724
State Beef Co., Inc. Boston, Mass	231,000	.99	233,214	192,500	.87	185,408	423,500	.93	418,622	192,500	.43	195,799	616,000	.68	614,421
Stevens Foods, Inc. Paris, Tex.	-	-	-	231,000	1.05	222,915	231,000	.51	222,915	-	-	-	231,000	.26	222,915
Union Packing Co. Los Angeles, Calif.	1,771,000	7.58	1,721,770	924,000	4.19	897,635	2,695,000	5.93	2,619,405	3,426,500	7.63	3,427,081	6,121,500	6.77	6,046,486
Ward Meat Co., Inc. [illegible], Miss.	423,500	1.81	410,333	500,500	2.27	472,125	924,000	2.04	882,458	1,078,000	2.40	1,063,609	2,002,000	2.22	1,946,067
Wilson & Co., Inc.															
Albert Lea, Minn.	-	-	-	-	-	-	-	-	-	154,000	.34	143,513	154,000	.17	143,513
Cedar Rapids, Iowa	-	-	-	-	-	-	-	-	-	346,500	.77	337,868	346,500	.39	337,868
Oklahoma City, Okla.	462,000	1.98	455,134	-	-	-	462,000	1.02	455,134	308,000	.69	294,854	770,000	.85	749,988
Omaha, Neb.	500,500	2.14	483,475	-	-	-	500,500	1.10	483,475	346,500	.77	331,868	847,000	.94	815,343
Total	962,500	4.12	938,609	-	-	-	962,500	2.12	938,609	1,155,000	2.57	1,119,103	2,117,500	2.35	2,052,712
Wisconsin Packing Co. Butler, Wis.	1,694,000	7.25	1,681,430	1,771,000	8.03	1,650,283	3,465,000	7.63	3,331,713	-	-	-	3,465,000	3.84	3,331,713
Grand Total	23,359,500	100.00	22,699,388	22,070,500	100.00	20,684,837	45,430,000	100.00	43,384,225	44,929,500	100.00	44,075,397	90,359,500	100.00	87,459,622

Prices are f.o.b. shipping point.
Quantity reflects processing points as originally awarded.
* Rounded to nearest dollar.

1/ LS-40--Purchased during the period Oct. 12, 1973, through Feb. 15, 1974.
LS-63--Purchased during the period Apr. 11, 1974, through June 28, 1974.

2/ General Meat Co., Paris, Texas, defaulted--buy against March 26, 1974--contractor Wisconsin Packing Co., Butler, Wis.--231,000 pounds.

Number of contractors = 33

Frozen Ground Beef: Purchases by Vendor
Fiscal Year 1975

Vendor	Invitation LS-65						Total		
	Section [illegible]			Section 6					
	Quantity		Value •	Quantity		Value •	Quantity		Value •
	Pounds	%	Dollars	Pounds	%	Dollars	Pounds	%	Dollars
Allied Packing Co. Gering, Neb.	231,000	.19	163,587	-	-	-	231,000	.17	163,587
Armour & Co. Santa Fe Springs, Calif.	423,500	.35	291,772	-	-	-	423,500	.32	291,772
Max Bauer Meat Packer, Inc. Miami, Fla.	9,047,500	7.53	[illegible]	2,695,000	19.39	1,642,256	11,742,500	8.75	7,928,632
S. Beck Meat Co., Inc. Chicago, Ill.	1,309,000	1.09	913,578	154,000	1.11	92,708	1,463,000	1.09	1,006,286
Durham Meat Co. San Jose, Calif.	462,000	.38	324,159	-	-	-	462,000	.34	324,159
Flavorland Industries, Inc. Div. of Flavorland Industries, Inc. Seattle, Wash.	847,000	.71	583,591	-	-	-	847,000	.63	583,591
A. [illegible] & Son, Inc. Green Bay, Wis.	35,420,000	[illegible]	24,543,404	3,850,000	27.70	2,232,615	39,270,000	29.28	26,776,019
Frosty Land Foods International Montgomery, Ala.	1,347,500	1.12	936,208	-	-	-	1,347,500	1.00	936,208
Frosty Morn Meats, Inc. Clarksville, Tenn.	269,500	.22	178,401	-	-	-	269,500	.20	178,401
Glenmark, Inc. Maywood, Ill.	115,500	.10	76,642	-	-	-	115,500	.08	76,642
Gold-Pak Meat Co., Inc. Los Angeles, Calif.	2,233,000	[illegible]	1,521,366	154,000	1.11	98,529	2,387,000	1.78	1,619,895
Golden State Foods Corp. Los Angeles, Calif.	539,000	.45	370,986	-	-	-	539,000	.40	370,986
Hygrade Food Products Corp. Chicago, Ill.	115,500	.10	76,723	-	-	-	115,500	.09	76,723
Fort Worth, Tex.	-	-	-	192,500	1.39	120,794	192,500	.14	120,794
Spokane, Wash.	2,310,000	[illegible]	[illegible]	385,000	2.77	247,401	2,695,000	2.01	1,817,781
Storm Lake, Iowa	-	-	-	192,500	1.39	120,794	192,500	.14	120,794
Tacoma, Wash.	-	-	-	346,500	2.49	201,317	346,500	.26	201,317
Total	2,425,500	2.02	1,647,103	1,116,500	8.04	690,306	3,542,000	2.64	2,337,409
Jerusalem G. K. Provision Co. Brooklyn, N. Y.	77,000	.06	52,264	-	-	-	77,000	.06	52,264
Link Bros. Packing Minong, Wis.	-	-	-	115,500	.83	71,918	115,500	.09	71,918
Lowy's Mehadrin Meat & Provision Corp. Brooklyn, N. Y.	154,000	.13	105,586	77,000	.55	47,740	231,000	.17	153,326
Michigan Beef Co. Dewitt, Mich.	77,000	.06	50,778	77,000	.55	48,040	154,000	.11	98,818
Mid-South Packers, Inc. Tupelo, Miss.	423,500	.35	300,485	-	-	-	423,500	.32	300,485
E. A. Miller & Sons Packing Co., Inc. Hyrum, Utah	693,000	.58	477,847	115,500	.83	69,835	808,500	.60	547,682
Minch's Wholesale Meats Red Bluff, Calif.	539,000	.45	368,041	115,500	.83	74,266	654,500	.49	442,307
John Morrell & Co. Los Angeles, Calif.	539,000	.45	366,185	308,000	2.22	194,202	847,000	[illegible]	560,387

- continued -

Page 2 - Frozen Ground Beef F/Y 1975 (Cont'd)

Vendor	[illegible]								
	Section 32			Section 6			Total		
	Quantity		Value *	Quantity		Value *	Quantity		Value *
	Pounds	%	Dollars	Pounds	%	Dollars	Pounds	%	Dollars
Neuhoff Bros. Packers, Inc. Dallas, Tex.	1,848,000	1.54	1,246,822	1,155,000	8.31	714,252	3,003,000	2.24	1,961,074
Packerland Packing Co., Inc. Green Bay, Wis.	18,672,500	15.53	12,886,874	-	-	-	18,672,500	13.92	12,886,874
Packerland Packing Co. of Chippewa Falls, Wis., Inc. Chippewa Falls, Wis.	3,503,500	2.91	2,518,658	-	-	-	3,503,500	2.61	2,518,658
Rocking K Foods, Inc. Santa Fe Springs, Calif.	1,039,500	.87	732,670	-	-	-	1,039,500	.77	732,670
Ben Sacks, Inc. Chicago, Ill.	4,543,000	3.77	3,108,544	500,500	3.60	302,995	5,043,500	3.76	3,411,939
Salem Packing Co. Los Angeles, Calif.	3,426,500	2.85	2,357,197	-	-	-	3,426,500	2.56	2,357,197
Somerville Dressed Meat Co. Boston, Mass.	1,848,000	1.54	1,251,161	154,000	1.11	92,993	2,002,000	1.49	1,344,154
Stanko Packing Co. Gering, Neb.	1,309,000	1.09	881,103	693,000	4.99	425,760	2,002,000	1.49	1,306,863
State Beef Co., Inc. Boston, Mass.	154,000	.13	103,265	154,000	1.11	98,406	308,000	.23	201,671
Stevens Foods Inc. Paris, Tex.	847,000	.70	574,651	192,500	1.38	122,399	1,039,500	.78	697,050
Swift & Co. Nashville, Tenn.	115,500	.10	83,299	-	-	-	115,500	.09	83,299
Union Packing Co. Los Angeles, Calif.	6,352,500	5.28	4,403,384	1,155,000	8.31	739,354	7,507,500	5.60	5,142,738
Ward Meat Co., Inc. Malden, Mass.	3,080,000	2.56	2,087,643	577,500	4.15	347,701	3,657,500	2.73	2,435,344
West Coast Grocery Co. Tacoma, Wash.	616,000	.51	418,160	-	-	-	616,000	.46	418,160
Wilson & Co., Inc.									
Albert Lea, Minn.	3,118,500	2.59	2,163,242	192,500	1.39	123,854	3,311,000	2.47	2,287,096
Cedar Rapids, Iowa	2,079,000	1.73	1,442,803	77,000	.55	49,542	2,156,000	1.61	1,492,345
Louisville, Ky.	1,694,000	1.41	1,177,576	38,500	.28	24,771	1,732,500	1.29	1,202,347
Oklahoma City, Okla.	1,309,000	1.09	907,480	77,000	.55	49,542	1,386,000	1.03	957,022
Omaha, Neb.	1,771,000	1.47	1,231,214	154,000	1.11	99,084	1,925,000	1.44	1,330,298
Total	9,971,500	8.29	6,922,315	539,000	3.88	346,793	10,510,500	7.84	7,269,108
Wisconsin Packing Co. Butler, Wis.	5,351,500	4.45	3,780,142	-	-	-	5,351,500	3.99	3,780,142
World Wide Meats, Inc. Denison, Iowa	385,000	.32	282,956	-	-	-	385,000	.29	282,956
Grand Total	120,235,500	100.00	83,197,603	13,898,500	100.00	8,453,068	134,134,000	100.00	91,650,671

Prices are f.o.b. shipping point.
Quantity reflects processing points as originally awarded.

* Rounded to nearest dollar.

Number of contractors = 38

Canned Beef with Natural Juices Purchases for Section 32
29-Oz. Cans
Fiscal Year 1975

Vendor	Quantity		Value
	Pounds	%	Dollars*
Blue Star Foods, Inc. Council Bluffs, Iowa	8,352,000	29.78	6,794,561
Tony Downs Foods Co. Madelia, Minn.	208,800	.74	175,789
Granite State Canning Corp. Manchester, N. H.	5,289,600	18.86	4,409,591
Hygrade Food Products Corp. Tacoma, Wash.	696,000	2.48	590,431
Marrat Packing [illegible] Inc. Bennettsvill[illegible] C.	487,200	1.74	395,217
Oscar Mayer & [illegible]nc. Madison, [illegible]	348,000	1.24	293,294
North A[illegible]ading Corp. Boston[illegible]	1,392,000	4.96	1,182,226
Packeri[illegible]. of Plainv[illegible] Plainview, Minn.	4,176,000	14.89	3,149,617
Rocking E Foods, Inc. Santa Fe Springs, [illegible]alif.	5,289,600	18.86	4,152,162
Wilbur-Ellis Co. Upland, Calif.	1,044,000	3.72	834,991
Wilson & Co.			
Oklahoma City, Okla.	348,000	1.24	286,717
Omaha, Neb.	417,600	1.49	344,061
Total	765,600	2.73	630,778
GRAND TOTAL	28,048,800	100.00	22,608,057

State			
California	6,333,600	22.58	4,987,153
Iowa	8,352,000	29.78	6,794,561
Massachusetts	1,392,000	4.96	1,182,226
Minnesota	4,384,800	15.63	3,324,806
Nebraska	417,600	1.49	344,061
New Hampshire	5,289,600	18.86	4,409,591
Oklahoma	348,000	1.24	286,717
South Carolina	487,200	1.74	395,217
Washington	696,000	2.48	590,431
Wisconsin	348,000	1.24	293,294
TOTAL	28,048,800	100.00	22,608,057

Prices are f.o.b. shipping point.
Quantity reflects processing points as originally awarded.

* Rounded to nearest dollar.
Number of contractors = 11

Ground Beef, [illegible] - Bulk & Patties: Purchases by Vendor
(Invitations [illegible]) Fiscal Year 1970

Vendor	[illegible] - Bulk			Invitation 12-69 - Patties			Total		
	Quantity		Value	Quantity		Value	Quantity		Value
	Pounds	%	Dollars	Pounds	%	Dollars	Pounds	%	Dollars
[illegible] Processing Corp. Brooklyn, N.Y.	38,500	.04	27,335	-	-	-	38,500	.04	27,335
Armour & Co. Houston, Tex.	38,500	.04	27,547	-	-	-	38,500	.04	27,547
Santa Fe Springs, Calif.	77,000	.09	55,223	-	-	-	77,000	.08	55,223
Total	115,500	.13	[illegible]	-	-	-	115,500	.12	[illegible]
[illegible] Meat Packer, Inc. Miami, Fla.	3,465,000	3.99	2,498,207	1,387,500	11.90	1,072,028	4,852,500	4.93	3,570,235
[illegible] Meat Co. Chicago, Ill.	1,501,500	1.73	1,067,174	-	-	-	1,501,500	1.53	1,067,174
California Meat Co., Inc. 1/ Los Angeles, Calif.	1,809,500	2.09	1,305,735	562,500	4.82	439,924	2,372,000	2.41	1,745,659
Capital Beef & Provision Co. Boston, Mass.	1,116,500	1.29	799,951	-	-	-	1,116,500	1.13	799,951
Durham Meat Co. San Jose, Calif.	1,116,500	1.29	801,412	150,000	1.29	117,750	1,266,500	1.29	919,162
Peter Eckrich & Sons, Inc. El Paso, Tex.	77,000	.09	55,633	-	-	-	77,000	.08	55,633
Flavorland Industries, Inc. Div. of Flavorland Industries, Inc. Seattle, Wash.	847,000	.98	604,504	75,000	.64	54,668	922,000	.93	659,172
A. Frankenthal & Son, Inc. 2/ Green Bay, Wis.	40,386,500	46.46	29,151,934	5,287,500	45.34	4,082,876	45,674,000	46.42	33,234,810
Glennark, Inc. Maywood, Ill.	269,500	.31	194,290	75,000	.64	58,444	344,500	.35	252,734
Gold-Pak Meat Co., Inc. Los Angeles, Calif.	577,500	.67	419,350	300,000	2.57	233,850	877,500	.89	653,200
Gold King Meat Co. Los Angeles, Calif.	346,500	.40	248,625	-	-	-	346,500	.35	248,625
Golden State Meats Corp. Los Angeles, Calif.	-	-	-	2,100,000	18.01	1,604,902	2,100,000	2.14	1,604,902
Granite State Packing Co. Manchester, N.H.	-	-	-	150,000	1.29	113,190	150,000	.15	113,190
Hygrade Food Products Corp. Chicago, Ill.	303,000	.35	221,922	-	-	-	303,000	.31	221,922
Ft. Worth, Tex.	385,000	.45	276,915	-	-	-	385,000	.39	276,915
Spokane, Wash.	2,541,000	2.93	1,[illegible],661	-	-	-	2,541,000	2.58	1,[illegible]
Tacoma, Wash.	616,000	.71	[illegible]	-	-	-	616,000	.63	[illegible]
Total	3,845,000	4.44	2,[illegible]	-	-	-	3,845,000	3.91	2,[illegible]
Jerusalem G. K. Provision Co. Brooklyn, N.Y.	115,500	.14	82,486	-	-	-	115,500	.12	82,486
[illegible] Meat & Provision Corp. Brooklyn, N.Y.	38,500	.04	27,143	-	-	-	38,500	.04	27,143
[illegible] Bros. Packing [illegible], Wis.	1,270,500	1.46	990,377	-	-	-	1,270,500	1.29	990,377
[illegible] International Montgomery, Ala.	231,000	.27	163,664	75,000	.64	57,356	306,000	.31	221,020
Lowy's [illegible] Meat & Provision Corp. Brooklyn, N.Y.	269,500	.31	191,968	-	-	-	269,500	.27	191,968

- continued -

Table [illegible] - Frozen Ground Beef - Bulk & Patty - [illegible]

Vendor	Invitation [illegible] - Bulk			Invitation 13-69 - Patties			Total		
	Quantity		Value	Quantity		Value	Quantity		Value
	Pounds	%	Dollars*	Pounds	%	Dollars*	Pounds	%	Dollars*
Michigan Beef Co. DeWitt, Mich.	500,500	.58	363,102	-	-	-	500,500	.51	363,102
Mid-South Packers, Inc. Tupelo, Miss.	77,000	.09	[illegible]	-	-	-	77,000	.08	[illegible]
Millers of Utah Beef Boning & Fabricating, Inc. Ogden, Utah	924,000	1.06	657,557	-	-	-	924,000	.94	657,557
John Morrell & Co. Los Angeles, Calif.	385,000	.44	283,550	-	-	-	385,000	.39	283,550
Nebraska Beef Packers Gering, Neb.	5,005,000	5.77	3,545,777	-	-	-	5,005,000	5.09	3,545,777
Packerland Packing Co., Inc. Green Bay, Wis.	770,000	.89	557,249	-	-	-	770,000	.78	557,249
Ranchers Packing Corp. 3/ Floral Park, N.Y.	154,000	.18	108,173	-	-	-	154,000	.16	108,173
Royal Meat Co. Glendale, Ariz.	1,501,500	1.73	1,062,294	-	-	-	1,501,500	1.52	1,062,294
Ben Sacks, Inc. Chicago, Ill.	4,004,000	4.62	2,845,215	-	-	-	4,004,000	4.07	2,845,215
[illegible] Packing Co. Los Angeles, Calif.	6,968,500	8.03	5,012,773	225,000	1.93	179,707	7,193,500	7.31	5,192,480
Somerville Dressed Meat Co. Boston, Mass.	2,425,500	2.79	1,722,875	-	-	-	2,425,500	2.46	1,722,875
State Beef Co., Inc. Boston, Mass.	1,925,000	2.22	1,380,541	-	-	-	1,925,000	1.96	1,380,541
Union Packing Co. Los Angeles, Calif.	4,158,000	4.79	2,990,719	1,275,000	10.93	980,141	5,433,000	5.52	3,970,860
West Coast Grocery Co. Tacoma, Wash.	500,500	.58	353,634	-	-	-	500,500	.51	353,634
Grand Total	86,742,500	100.00	62,311,711	11,662,500	100.00	8,994,896	98,405,000	100.00	71,306,607

Prices are F.O.B. shipping point.
Quantity reflects processing point as originally awarded.

1/ California Meat Co., Inc., Los Angeles, Calif.--breached contract resulting in partial termination--buy against February 12, 1976, contractor Union Packing Co., Los Angeles, Calif.--403,000 pounds.

2/ [illegible] & Son, Inc., Green Bay, Wis.--Several contracts were amended to permit 1,885,500 pounds of product to be processed at [illegible], Texas.

3/ Ranchers Packing Corp., Floral Park, N.Y.--partially defaulted--buy against November 19, 1975, contractor Hygrade Food Products Corp., Chicago, Ill.--77,000 pounds.

* Rounded to nearest dollar.

Number of Bulk contractors = 33
" " Patty " = 12

Canned Beef with Natural Juices Purchases for Section 32
29-Oz. Cans
Fiscal Year 1976

Vendor	Quantity		Value
	Pounds	%	Dollars*
Blue Star Foods, Inc. Council Bluffs, Iowa	17,156,400	30.41	14,363,952
Bryan Packing Co. West Point, Miss.	295,800	.52	242,083
Tony Downs Foods Co. Madelia, Minn.	295,800	.52	252,731
Granite State Canning Corp. Manchester, N.H.	10,574,850	18.74	8,916,447
Hygrade Food Products Corp. Tacoma, Wash.	1,552,950	2.75	1,308,353
Marnat Packing Co. Bennettsville, S.C.	739,500	1.31	625,158
Packerland Packing Co. of Plainview, Minn., Inc. Plainview, Minn.	22,111,050	39.19	18,585,462
Rocking K Foods, Inc. Santa Fe Springs, Calif.	3,697,500	6.56	3,158,486
Grand Total	56,423,850	100.00	47,452,672
State			
California	3,697,500	6.56	3,158,486
Iowa	17,156,400	30.41	14,363,952
Minnesota	22,406,850	39.71	18,838,193
Mississippi	295,800	.52	242,083
New Hampshire	10,574,850	18.74	8,916,447
South Carolina	739,500	1.31	625,158
Washington	1,552,950	2.75	1,308,353
Grand Total	56,423,850	100.00	47,452,672

Prices are f.o.b. shipping point.
Quantity reflects processing points as originally awarded.

* Rounded to nearest dollar.

Number of contractors = 8

FROZEN GROUND BEEF - BULK & PATTIES: Purchases by Vendor
(Sections 32 & 6(e)) School Year 1976-77

Vendor	Invitation LS-71 - Bulk			Invitation LS-72 - Patties			Total		
	Quantity		Value	Quantity		Value	Quantity		Value
	Pounds	%	Dollars*	Pounds	%	Dollars*	Pounds	%	Dollars*
Alle Processing Corp. Brooklyn, N.Y.	77,000	.06	53,130	-	-	-	77,000	.05	53,130
Max Bauer Meat Packer, Inc. Miami, Fla.	7,007,000	5.30	4,839,565	3,286,600	24.51	2,345,717	10,293,600	7.07	7,185,282
B. Beck Meat Co. Chicago, Ill.	1,501,500	1.14	1,020,762	-	-	-	1,501,500	1.03	1,020,762
Black Hills Packing Co. Rapid City, S.D.	1,039,500	.79	704,157	-	-	-	1,039,500	.71	704,157
Columbia Foods, Inc. Pasco, Wash.	577,500	.43	384,384	-	-	-	577,500	.40	384,384
Facciola Meat Co. Palo Alto, Calif.	115,500	.09	79,009	415,800	3.10	290,773	531,300	.36	369,782
Fairbank Farms Ashville, N.Y.	77,000	.06	53,515	-	-	-	77,000	.05	53,515
A. Frankenthal & Son, Inc. 1/ Green Bay, Wis.	28,490,000	21.54	19,424,020	4,573,800	34.09	3,248,762	33,063,800	22.70	22,672,782
Glenn & Anderson Meat Co. Chicago, Ill.	924,000	.70	645,121	-	-	-	924,000	.63	645,121
Gold-Pak Meat Co., Inc. Los Angeles, Calif.	6,699,000	5.07	4,558,974	378,000	2.81	277,512	7,077,000	4.86	4,836,486
H & H Meat Products Co., Inc. Mercedes, Tex.	539,000	.41	373,558	-	-	-	539,000	.37	373,558
Hygrade Food Products Corp.									
Chicago, Ill.	577,500	.43	387,418	-	-	-	577,500	.40	387,418
Ft. Worth, Tex.	462,000	.35	320,974	-	-	-	462,000	.32	320,974
Spokane, Wash.	1,732,500	1.31	1,170,392	-	-	-	1,732,500	1.19	1,170,392
Tacoma, Wash.	924,000	.70	633,210	-	-	-	924,000	.63	633,210
Total	3,696,000	2.79	2,511,994	-	-	-	3,696,000	2.54	2,511,994
Ideal Meat Co., Inc. Los Angeles, Calif.	2,348,500	1.77	1,542,283	-	-	-	2,348,500	1.61	1,542,283
Jerusalem G. K. Provision Co. Brooklyn, N.Y.	115,500	.09	78,059	-	-	-	115,500	.08	78,059
Kiryath Meat & Provision Corp. Brooklyn, N.Y.	115,500	.09	76,384	-	-	-	115,500	.08	76,384
Landy of Wisconsin, Inc. Eau Claire, Wis.	7,007,000	5.30	4,733,822	-	-	-	7,007,000	4.81	4,733,822
Link Bros. Packing Minong, Wis.	1,694,000	1.28	1,148,409	-	-	-	1,694,000	1.16	1,148,409
Lowy's Menadrin Meat and Provision Corp. Brooklyn, N.Y.	154,000	.11	104,123	-	-	-	154,000	.11	104,123

- Continued -

Frozen Ground Beef - Bulk & Patties - School Year 1976-77 (Con't)

Vendor	Invitation LS-71 - Bulk			Invitation LS-[illegible] - Patties			Total		
	Quantity		Value	Quantity		Value	Quantity		Value
	Pounds	%	Dollars*	Pounds	%	Dollars*	Pounds	%	Dollars*
Mellman Food Industries, Inc. Sioux Falls, S.D.	8,547,000	6.46	5,842,036	-	-	-	8,547,000	5.87	5,842,036
Michigan Beef Co. DeWitt, Mich.	1,694,000	1.28	1,165,403	-	-	-	1,694,000	1.16	1,165,403
Milgreen Food Industries, Inc. Chicago, Ill.	616,000	.47	431,393	-	-	-	616,000	.42	431,393
Millers of Utah Beef Boning & Fabricating, Inc. Hyrum, Utah	1,001,000	.76	684,291	-	-	-	1,001,000	.69	684,291
Nebraska Beef Packers Gering, Neb.	7,777,000	5.88	5,332,446	-	-	-	7,777,000	5.34	5,332,446
Neuhoff Brothers Packers, Inc. Dallas, Tex.	3,542,000	2.67	2,402,554	-	-	-	3,542,000	2.43	2,402,554
Packerland Packing Co., Inc. 1/ Green Bay, Wis.	21,598,500	16.33	14,972,419	2,268,000	16.90	1,691,951	23,866,500	16.38	16,664,370
Packerland Packing Co. of Texas, Inc. Pampa, Tex.	3,080,000	2.33	2,080,078	-	-	-	3,080,000	2.12	2,080,078
Salem Packing Co. Los Angeles, Calif.	924,000	.70	602,941	-	-	-	924,000	.64	602,941
Sommerville Dressed Meat Co. Boston, Mass.	924,000	.70	629,386	-	-	-	924,000	.64	629,386
State Beef Co., Inc. Boston, Mass.	1,039,500	.79	719,369	-	-	-	1,039,500	.71	719,369
Swift Fresh Meats Co. Houston, Tex.	77,000	.06	52,449	-	-	-	77,000	.05	52,449
Union Packing Co. Los Angeles, Calif.	5,159,000	3.90	3,510,407	2,457,000	18.31	1,757,870	7,616,000	5.23	5,268,277
Wilson Foods Corp. 2/									
Albert Lea, Minn.	1,578,500	1.19	1,065,176	-	-	-	1,578,500	1.08	1,065,176
Cedar Rapids, Iowa	1,963,500	1.49	1,325,863	-	-	-	1,963,500	1.35	1,325,863
Kansas City, Kan.	-	-	-	37,800	.28	26,369	37,800	.03	26,369
Oklahoma City, Okla.	1,578,500	1.19	1,065,176	-	-	-	1,578,500	1.08	1,065,176
Total	5,120,500	3.87	3,456,215	37,800	.28	26,369	5,158,300	3.54	3,482,584
Wisconsin Packing Co., Inc. Butler, Wis.	8,970,500	6.78	6,185,221	-	-	-	8,970,500	6.16	6,185,221
Grand Total	132,247,500	100.00	90,397,877	13,419,000	100.00	9,638,954	145,666,500	100.00	100,036,831

Prices are f.o.b. shipping point.
Quantity reflects processing points as originally awarded.

1/ A. Frankenthal & Son, Inc.--two contracts were amended to permit 423,500 lbs. of FGB Bulk to be processed at Pampa, Texas.
Packerland Packing Co., Inc.--several contracts were amended to permit 1,655,500 lbs. of FGB Bulk to be processed at Pampa, Texas.

2/ Name changed from Wilson & Co., Inc., on October 14, 197[illegible].

*Rounded to nearest dollar.

Number of Bulk contractors = 33
" " Patty " = 7

CANNED BEEF WITH NATURAL JUICES: Purchases
(29-oz. Cans) School Year 1976-77

Sections 32, 6 & 6(a)

Vendor	Quantity		Value
	Pounds	%	Dollars*
Blue Star Foods, Inc. Council Bluffs, Iowa	8,282,400	15.53	6,881,892
Granite State Canning Corp. Manchester, N.H.	17,230,350	32.32	14,741,422
Hygrade Food Products Corp. Tacoma, Wash.	1,183,200	2.22	1,015,933
Packerland Packing Co. of Plainview, Minn., Inc. Green Bay, Wis.	26,622,000	49.93	22,652,216
Grand Total	53,317,950	100.00	45,291,373

State			
Iowa	8,282,400	15.53	6,881,892
New Hampshire	17,230,350	32.32	14,741,422
Washington	1,183,200	2.22	1,015,933
Wisconsin	26,622,000	49.93	22,652,216
Grand Total	53,317,950	100.00	45,291,373

Prices are f.o.b. shipping point.
Quantity reflects processing points as originally awarded.

* Rounded to nearest dollar.

Number of contractors = 4

Mr. BLOUIN. We would appreciate that very much.

What division is directly responsible for contracting under the school lunch program?

Ms. FOREMAN. Let me explain a little bit about that, if I may, Mr. Chairman, because we just had a reorganization in the Department that affects it.

Previously, the Agricultural Marketing Service was responsible for this. Those functions have now been transferred to the Food Safety and Quality Service, so that we have under my direction all of the functions of AMS, the former Agricultural Marketing Service, that were relevant here and the meat and poultry inspection and the Food and Nutrition Service that uses the products that are purchased through the school lunch program.

Previously they were a little more divided than they are now.

Mr. BLOUIN. Are those changes in effect already, or are they——

Ms. FOREMAN. Yes; but I do not believe that any meat was purchased after they went into effect. I think they went into effect in the middle of March and you were through purchasing by then were you not?

Mr. BLOUIN. All right, so that reorganization plan has not affected any of the current or immediate past bids awarded?

Ms. FOREMAN. No.

Mr. BLOUIN. Under the past system, it was the Livestock Division?

Ms. FOREMAN. Yes, sir.

Mr. BLOUIN. Will that be under Dr. Uhler's jurisdiction?

Mr. UHLER. I have no idea, Mr. Chairman.

Ms. FOREMAN. We are still in the process of moving people around.

Mr. BLOUIN. It has been, though, in the past?

Ms. FOREMAN. All right.

Mr. BLOUIN. All right.

Maybe, then, for the sake of getting to the points that I would like covered I could direct a question or two to Mr. Uhler.

According to the figures provided by your office that we have been able to digest—they are voluminous—regarding the volume and percentage of ground beef provided under contract by Packerland in the past 5 years, can you explain how Packerland has almost 40 percent of those contracts?

Mr. UHLER. Mr. Chairman, this represents not 40% of the contracts, but 40% of the quantity awarded; and collectively covers the productive capacity of more than one plant. We are talking about two facilities at Green Bay, one which does slaughter, another which does boning and grinding operations primarily. We are talking about a facility at Chippewa Falls which does slaughter, boning, and grinding. We are talking about a facility which is a leased operation that is able to put up canned beef for this company, and we are also talking about a plant at Texas which has slaughtered, bonded, and entered into grinding operations.

So this is not one operation, but the combined efforts of several.

Also, I think it was touched on earlier that when a plant elects to go into government contract work, that plant really has to seal its operation from other endeavors, while our operation is going on.

Not many plants will elect to do that continuously on a daily or weekly basis.

In other words, some plants are unwilling to devote most of their workload to a government kind of contract work—which is sporadic in nature. We, as had been said here earlier, started purchasing this school year in August and terminated our contracts—or terminated the program, I should say—in February of 1977. That is approximately 9 months of operation.

That means for 3 months you are on your own.

So you take these several considerations I have just mentioned and they explain, in good part, the predominance of Packerland and its affiliates in our ground beef program. They have control over their raw material requirements since they conduct slaughtering. They are willing to devote the greater share of their production to USDA exclusively and they are and have been willing to cope with the sporadic nature of our procurements.

Mr. Blouin. As I understand it, University Meats at Green Bay, does all the processing of all of the ground beef. Is that at all unusual for one plant in one location to be able to provide approximately 40 percent of all of the ground beef in the school lunch program. Is that historically the pattern that is there?

Mr. Uhler. I have not looked at the records and examined them in this way, but I believe probably this amount of participation on bulk ground beef is the largest I have experienced in this program in the years that I have been conducting it; yes.

Mr. Blouin. How many years have you been involved in contracting?

Mr. Uhler. Since 1965.

Mr. Blouin. And in the 12 years that you have been there there has always been one plant that has been able to supply——

Mr. Uhler. Oh, no; I am saying—I misunderstood your question. I believe for one plant or one combination of plants to furnish 40 percent of our total needs is a little unusual. I do not believe I have ever had that happen before on frozen ground beef in bulk form.

Mr. Blouin. Let me ask you this. Is Packerland always the lowest bidder when they receive the contract?

Mr. Uhler. No.

Mr. Blouin. Maybe you could explain why that is; what other things enter into that decision, then, if it is not the lowest bidder. Why would they receive the contract if price is the main ingredient when there are lower bidders out there.

Mr. Uhler. Because we are talking about volume considerations. We are after a particular target quantity in the school year and we have to make a judgment as to where we are in relation to that target as we move through the procurement period. If we are in an ongoing program and find that we need more product to meet that target, the array of bids from low to high, of course, will have to include those in a position to furnish that cumulative volume.

Ms. Foreman. If I may, let me elaborate on that point just a little bit.

It is my understanding that you may have a range of bidders from lowest up to fifth above lowest and you might have to purchase from all five of those bidders in order to supply the total amount needed. Packerland might not have been fifth lowest, but fourth or third lowest. In order to get the total volume, you have come up through their ranks in any particular instance.

Mr. Blouin. Well, let me ask you this, then, as a followup to that. Is it almost always the case that those that have bids lower than Packerland are awarded contracts as well?

Mr. Uhler. Most definitely.

Mr. Blouin. All right. Then that clears up——

Ms. Foreman. I would like to add one other thing, too, to Mr. Uhler's statement, please. Packerland as far as ground beef-producing plants are concerned is really among the very largest. It has a large cow slaughtering operation, obviously, in Wisconsin. There are a lot of cows to be slaughtered, and that is the meat that tends to be made into hamburger meat and that is why it has tended to be concentrated so much in that area, or it is another reason why it has been concentrated in that area.

Mr. Blouin. So it is a combination in this instance of a plant established strictly for processing, as well as availability of product?

Ms. Foreman. Yes, sir.

Mr. Blouin. Are there any other ingredients that you can think of that enter into that?

In the Des Moines Register story, Mr. Uhler, you stated—and I will try to quote it correctly—

> As long as they have Federal Inspectors, we cannot second guess the Inspector or say they cannot bid. We have to look upon them, the inspectors, as the ones who tell the plant whether it can produce or not.

Can you comment on that quote for the record?

Mr. Uhler. I think this has already been covered in testimony. I have no authority to exclude participation by a firm who has Federal meat inspection based on our own contract terms and provisions. I have to depend on meat inspections, review of the plant as being the final say as to whether they do, indeed, meet sanitation and other requirements.

Mr. Blouin. Do you lack that authority as a result of the specific wording of the law, the regulations, bureaucratic courtesy or what?

Mr. Uhler. The Federal regulations as well as our specifications, which is a contract term, and it says that the meat shall be from cattle slaughtered in, and the finished product shall be prepared and handled in an establishment regularly operated and the regulations governing the meat inspection of the USDA.

Now, if the inspection is withdrawn, of course, that would terminate the contract, or if inspection is not granted, no production could take place.

Mr. Blouin. Ms. Foreman, do you think that the reorganization that the Department is going through is going to affect that wall that seems to be in the way?

Ms. Foreman. I do not think there is a wall there, Mr. Chairman. I think what you are saying is that we will not buy beef, or anything else, from a plant that is not federally inspected in the meat field. We will not purchase from a plant that is not federally inspected.

There are no degrees of Federal inspection. You are either inspected and approved under our law, or you are not. The Federal procurement requirements are that we purchase from the lowest bidders submitting bids. What we propose now is to change our regulations and to change our contract specifications to add in these additional requirements that we think will make sure that this problem does not occur.

So, if you want to sell to the Government, you are going to have to maintain a higher standard than you meet for any other kinds of provisions.

Mr. Blouin. So, in the Department's opinion, it is not a fault in the law, it is a regulation problem at this point?

Ms. Foreman. Well, there is a problem with the meat inspection law which does not allow us—which we are going to try to remedy—which does not allow us to take into consideration the cumulative record. But the problem that you have specific reference to in your question to Mr. Uhler is on that I think we can resolve quite easily via our proposed changes in regulations in the requirement of a warranty of the contract.

Mr. Blouin. Thank you.

I have about two or three more questions before I yield to other members, Mr. Uhler. Are you aware of the fact—and correct me if I have been not correctly informed—that contracts were granted to Packerland's Plainview, Minn. operation prior to receiving initial approval for operation by USDA inspectors?

Mr. Uhler. We got into a situation where an assumption was made that the inspection granted at Plainview one year was extended to the next year, since it had been already established at that location. However, because there was an interruption of activity for a period of about 5 months we learned that inspection had to be reinstated. Thus we made an incorrect assumption.

We did take steps—the first time, we are talking about Plainview—we did take steps not to allow operations there until Federal inspection was granted.

The succeeding year, as I say, because the program continued at that location, we were under the assumption—obviously it was incorrect—that despite of the temporary cessation of operations, Federal meat inspection did not have to be regranted at that location.

Mr. Blouin. So up to that point you had no mechanism for even checking on the status of different locations of a given company in terms of the contract, as to whether or not they were at inspection status level?

Mr. Uhler. I had no knowledge of this kind of regulation, that it would not continue on since the plant had already passed meat inspection one time, no, I did not.

Ms. Foreman. However, if inspection is withdrawn from a plant that was suspended because of a conviction under the Federal Meat Inspection Act, a felony conviction that would prohibit a plant from having inspection, that would be immediately circulated and the Agricultural Marketing Service would have had knowledge of that.

Mr. Blouin. This bothers me somewhat, that we could be awarding contracts on a bid basis to company A that has several sites and not have knowledge of whether all of those sites are federally inspected plants at the time of the awarding of the contract, or during the filling of that contract.

Is it possible that this kind of thing can be happening in other situations, or has been happening in other situations with other bidders?

Mr. UHLER. No.

Mr. BLOUIN. How can a contract be let to an ineligible company to begin with?

Ms. FOREMAN. Mr. Chairman, I think that—two things there, if I may interject. One is that because the company had had it previously, the Department erred in not realizing that that had not been renewed for the succeeding year.

However, I am informed by the meat and poultry inspection officials that no meat could have been processed for the Government without the Federal inspector in the plant on site. There was an error in granting the contract under those circumstances, but no meat could have been processed without the Federal inspector having been in the plant at the time.

Mr. BLOUIN. Should this not be something that should be stipulated in the contract, in the very bidding for the contract in the beginning, that there is no question about the eligibility of the plant?

Ms. FOREMAN. It is.

Mr. BLOUIN. It is stipulated?

Ms. FOREMAN. It is.

Mr. BLOUIN. So this contract was clearly in violation of existing regulation?

Ms. FOREMAN. It was in error, yes, sir.

Mr. BLOUIN. Have you taken any steps to see to it that that kind of thing cannot happen in the future?

Mr. UHLER. Yes, sir.

Mr. BLOUIN. Can you elaborate on that?

Mr. UHLER. In situations where you find new Federal inspection granted, we are going to insure that if there is any cessation of operations in that particular facility, we are going to check with meat inspection to make absolutely sure that the plant has been given, or renewed, Federal meat inspection.

Mr. BLOUIN. Is this something that can be partially addressed in your proposed regulation changes in terms of the kinds of statements that you will require of bidders in the future?

Ms. FOREMAN. I think that they can address it, and if they do not sufficiently address it, we might have the company warrant in addition, when it participates in the bid, that it is, in fact, inspected as of the moment of the bid on the contract.

Mr. BLOUIN. I would think that the regulations certainly should address that point, and that that really should be an absolute requirement. The safeguards that you are proposing really ought to specifically hit that point.

Ms. FOREMAN. I am not altogether sure that that is not the case now, and I think we should like to examine the record and make sure. I would like to be absolutely certain that the existing specifications did not require the plant to be federally inspected before it submitted a bid. Now, we obviously need a mechanism for checking on that.

Mr. **Blouin**. I think that is part of what I am trying to get at. There apparently is no mechanism for checking on that.

Ms. **Foreman**. It would also seem to be, if there was no inspection in that plant at that time, it would seem that perhaps there is some grounds for taking action against a company that warranted, at that time that it was federally inspected, when it was not.

Mr. **Blouin**. I think that this committee would appreciate, just in wrapping up this one line of questioning, being filled in as to specifically what the Department intends to do to establish a cross-check process so that that kind of contract bidding just plain is not allowed, and that, as much as possible, there is a fairly foolproof system so that the contracts just plain are not awarded in that kind of an instance.

In this situation we may have been very fortunate. There may have been no problem. But it seems to me that it is a nice loophole in the law and in the regulations.

At this point, I have lots of other questions I would like to get into, but I think, to be fair to the rest of the members, I would like to yield to other members.

Mr. Heftel first.

Mr. **Heftel**. I would like to ask you, Ms. Foreman, what is your position as a practical matter? Do you have the total authority for the program, the inspection, the contracting process?

Ms. **Foreman**. Yes, sir.

Mr. **Heftel**. So you are what we might talk about if we wanted to know who owns the business, you would be the person we would refer to in this relationship, in terms of how you control this Department and the functions we are discussing today?

Ms. **Foreman**. Yes, sir.

Mr. **Heftel**. I think it is critical to go back and again read from your statement. You are the person in charge, you are the person in authority, you are the person who knows what is going on, you are the person protecting the welfare of those who will be utilizing these food products.

First: The records indicate that the management of this firm, over a period of many years—page 5, second paragraph—

> Appears to have been engaged in a pattern of harrassment towards the resident inspection force and other USDA officials. Their harrassment has been expressed in the form of verbal or written abuse and sometimes physical threats.
>
> "Inspectors" decisions are constantly questioned, sometimes with threats of appeals and actual appeals to higher levels in the program, to my office, and to members of Congress, are the rule rather than the exception with this company. Summing up, our meat inspection officials and other USDA officials with responsibilities in the livestock and meat sector rate this is one of the most difficult, if not the most difficult firm, with which they have had to deal.

Now, do you agree with the conclusions of these people who work for you?

Ms. **Foreman**. Having been through the file on this matter, yes, sir, I do.

Mr. **Heftel**. How long have you been in your position, please?

Ms. **Foreman**. Two months.

Mr. **Heftel**. May I ask, then, if what you have found is something which occurred under a different Administrator than yourself?

Ms. **Foreman**. Well, there was a different Assistant Secretary, yes, sir.

Mr. **Heftel**. So, if you had been the Secretary in charge, the Assistant Secretary in charge, and these conclusions had been reached while you were in your position, would you have continued to do business with this firm?

Ms. **Foreman**. Yes, because the law makes no provision for not doing business with the firm. The reason we are here today is because this has been brought to our attention and I personally do not find it tolerable to continue to, if you will, reward companies that are constantly on the borderline and have a cumulative record that is unsatisfactory.

There is agreement in Meat and Poultry Inspection and our Office of the General Counsel that action needs to be taken, and we are here to propose that we take some action to keep it from happening.

Mr. **Heftel**. You have been given the responsibility to run this program on the premise that you know what should be done in the public interest. Do you now have the authority that you think you need to make sure that 12 months from today you will not be saying this about any firm and then say, I have not got the authority to refuse to do business with that firm?

Ms. **Foreman**. I think that the proposed changes in the regulations that we are coming here with today will prevent this from happening again. It seems to us, after several days of looking at it intensively, how can you keep this sort of thing from happening again?

We feel confident that these proposed changes would take care of it.

We do, however, need some additional authority under the Meat Inspection Act, and this committee does not have jurisdiction in that area, but we will be back to the Congress with some proposed changes to the Meat Inspection Act.

Mr. **Heftel**. Thank you very much.

Mr. **Blouin**. Mr. Cornell?

Mr. **Cornell**. Thank you, Mr. Chairman.

I would like to follow up on that, if the Secretary does not mind. You noted there that there was evidence of physical threats. Did these come from members of the managerial staff of Packerland?

Ms. **Foreman**. The threats that are described in our files are threats by the management against the meat inspectors. In one case, I believe, it is recounting of the throwing of a rack of cattle heads at one of the inspectors, shoving that towards him.

Mr. **Cornell**. I noted that in one of the articles in the Des Moines paper they referred to some employees. There was nothing referred to in the article, as far as I noted, as far as the management was concerned.

However, it is quoted in those articles that some high official of USDA's Office of Investigations said that this company's harrassment of inspectors is intolerable. I was wondering, in view of that, if Mr. Coplin could comment.

Is he aware of such charges?

Mr. COPLIN. Sir, is the question was I aware of harrassment against meat inspectors?

Mr. CORNELL. That is right.

Mr. COPLIN. No.

Mr. CORNELL. You never heard of any such charges?

Mr. COPLIN. Sir?

Mr. CORNELL. You have never heard any such charges?

Mr. COPLIN. No, sir.

Mr. CORNELL. And you have been in contact with these meat inspectors on numerous occasions?

Mr. COPLIN. I see the meat inspectors every time I go to Green Bay.

Mr. CORNELL. Thank you.

Dr. Burkert, you are quoted as saying that about once each year, Mr. Frankenthal tried to get one or more inspectors removed from his plant. Is this unusual?

Mr. BURKERT. It is not unusual, Mr. Cornell, that we have requests from industry to remove an inspector. We do have requests from other plants in the industry to remove one or more inspectors. This does happen.

Mr. CORNELL. I can understand why, and give you one instance of a smaller meat packing operation in my district where one inspector had instructed them what changes would have to take place in the plant. They did these to the tune of, I believe it was something like $300,000; and then later a new inspector came along and told them that it was not satisfactory, and how I happened to be brought into it was nothing to do with that, but the fact that they were applying for a Small Business Administration loan for somewhere in the neighborhood of a half a million dollars to comply with the new regulations, or at least as interpreted by the inspector.

So I could see why, in an instance like that, that they might ask for a change for an inspector. I did not think that it was unusual that they would get one or more requests for a change.

I noted both in the statement made by the Secretary and the articles, there seem to be charges that Members of Congress had attempted to unduly influence the decisions of the inspectors of the Department. Not in your statement, your statement simply says that they did appeal to higher levels.

Do you not think that this is proper, that they can appeal to——

Ms. FOREMAN. I absolutely do, and I would not, for a minute, suggest that anybody does not have the right to bring a problem to the notice of his Member of Congress. We absolutely do.

We simply wanted to point out that this happens quite frequently. In one instance, we had three congressional aides go out to the plant and sit down with the president of the company. We have never, then, had followups of any very strong indication by any Member of Congress, at least not in the files that I have looked at, where they found that meat and poultry inspection people were behaving in an improper fashion.

But there is also a response when day, after day, after day and year, after year, after year an inspector, and not just one inspector, there have been 55 different people hold the job of meat inspector in these various plants belonging to this company over the last 6 or 7 years. This is not just one particular personality problem between one inspector and a company's management; this happens with loads of people.

There is a reaction when day after day there is a pattern of challenging every single thing that happens in the plant and every challenge is raised to the highest possible level. I am afraid that eventually you begin to get inspectors who think, oh, my God, you know, I have had my district inspector in here five times in the last year asking me about a referral that came to him from Washington. I am afraid that, after a while that begins to perhaps affect the level of inspection. Perhaps people think, I am not going to complain today, because I complained yesterday and the day before.

Mr. CORNELL. That is what I wanted to get to. I was wondering if your reference to these charges of harrassment, inasfar as our committee is concerned, referred to the fact that you think inspectors may have been intimidated into approving that meat.

Ms. FOREMAN. I have no proof that this has happened and you have testimony from our grading people that it has not happened, but I would never—I think that human nature is such that you raise a question that after awhile an inspector might say, oh, I am not going to complain about that today.

Mr. CORNELL. Dr. Burkert, you are supposedly—according to the article in the Des Moines paper—the one who approved the opening of the University plant and it is stated in the article that one Lawrence Moon, who was then an agent in the Chicago department office of inspection said that the Green Bay inspectors reported that Mr. Burkert was pressured into approving this by congressional aides. Would you care to comment on that?

Mr. BURKERT. Yes, sir.

I did go to Green Bay with a member of my regional office staff, and Dr. Peterson, who is on the facilities group, who had handled the drawings for this proposed operation. I went to Green Bay because we had an appeal from the management that we were asking too much in our requirements for granting inspection because of the physical alterations and the remodeling of this old facility, in this case, that we thought was necessary.

I was instructed by my Washington office that we had a meeting scheduled and that these three representatives would be present. On the appointed day, we did appear and, I believe the time was 11 or 12 in the morning to have a meeting with the management—that is USDA officials that I have in mind—and after waiting for some period, Ms. Frankenthal emerged and said that she did not know what the USDA people were doing, but she was going to lunch with her Congressman.

This was somewhat upsetting, because we did appear at the appointed hour and, after some waiting, received this treatment. The report that Mr. Moon got probably was correct, inasmuch as I was somewhat irked at this sort of treatment.

Mr. CORNELL. But your decision was not influenced by the fact that there were supposedly some congressional aides there?

Mr. BURKERT. No; my own position was not influenced in anyway. In fact, they were nice gentlemen. They were there trying to recognize differences between the USDA and Packerland management. In fact, I would have done nothing different if they had been there or not. In fact, after the meeting ended in the evening, the three approached me in the parking lot and they said they really did not know why they had had to be there all of that time because it was very obvious that arrangements could have been made and agreements reached without their presence, and I suppose that was exactly right, but we were glad to have them.

At least they could see that we were not asking unreasonable requirements.

Mr. CORNELL. I should note here, of course, that this questioning is not in the least self-serving because I was not in office at the time and none of my staff was involved.

As a matter of fact, I know only of one occasion when Packerland sought my assistance, and it was not with the Department of Agriculture, it was with another department of the Government which refused to accept bidding, and I simply inquired of that department why that refusal was made, and got an answer and they were permitted to bid, which I think is proper for Members of Congress to make such inquiries for their constituents or corporations that happen to be within their districts.

Dr. Mathias—is he here today?

Dr. Mathias, would you care to comment on the alleged statements that you made as reported in the Des Moines paper?

Dr. MATHIAS. The statement, I believe, was taken from a copy of our records on file here in Washington. The Register apparently, at least the readers were led to believe that they had contacted me and gotten that statement orally. It was a written statement from one of our routine reports.

Mr. CORNELL. Well, according to this, it states in a later report, Mr. James Mathias, Chief Staff Officer in the Regional USDA Compliance Office said that the review inspector had concluded that dirty meat was being ground into hamburgers and Mathias himself concluded that no quality controls exist at the plant.

Is that true?

Dr. MATHIAS. Yes, sir.

Mr. CORNELL. On what basis did you determine that?

Dr. MATHIAS. From a report that I received from one of my viewers after an onsite investigation or an on-site visit into the plant where their sampling procedures only provided for a sampling of a part of the product and not from all of it.

Mr. CORNELL. But this would seem to make me conclude, therefore, that if that were true, then the inspection was inadequate, is that right?

Dr. MATHIAS. That is right.

Mr. CORNELL. In other words, the meat inspectors assigned to do their job were not doing it?

Dr. MATHIAS. No; the plant utilized their own people for their quality control procedures and our assertion was, or is, that at the time of this particular review, those procedures were not adequate for two or three reasons. One is the procedure requires that carcasses be looked at individually and trimmed prior to being put on the table. This was not being done at the time and our reviewer observed that some of those carcasses which were not being trimmed were contaminated at a level which he considered to be excessive. That is one point.

Mr. Cornell. Why was no action taken then?

Dr. Mathias. I do not know. That was pointed out to the inspectors in the plant and our function is not to take action. That is the function of the inspectors there in the plant. But it was pointed out to them.

Mr. Cornell. Well, then, in effect you are saying that the inspectors are not fulfilling their jobs.

Dr. Mathias. Yes; at that particular moment.

If I might continue, assuming if the meat is improperly trimmed and it is supposed to be sampled at a later date and the sampling procedure is such that only part of it is sampled, then my reviewer concluded that dirty meat or meat contaminated at a level which he considered to be not acceptable was being ground without the benefit of inspection.

Mr. Cornell. All right.

Mr. Mulhern, you mentioned, I believe, in your statement that approximately 55 billion pounds of red meat was inspected each year, is that correct?

Mr. Mulhern. Yes, sir.

Mr. Cornell. And that 32 million pounds were condemned by the Department?

Mr. Mulhern. Correct.

Mr. Cornell. Do you have any idea how much of this might have been at the Packerland plants?

Mr. Mulhern. We do not have the records with us, but it could be supplied.

[Information never supplied.]

Mr. Cornell. Thank you.

Mr. Uhler, do you believe that there are substantial savings in using centralized purchasing as we have now rather than providing cash to the States to do it?

Mr. Uhler. I really have no way of telling. There are some real difficulties in comparison of this kind of data. If we are talking about the kind of product we buy, I would say it would be difficult to equal the value that we are paying given the same amount of overview that we do make on a product and the same amount of regulation with respect to fat content and primal cuts versus rough cuts. But to make this comparison on a price only basis would not be in order since too many other elements are involved.

Mr. Cornell. Well, it is really not pertinent to this hearing so much as the fact, of course, that I think it is Wednesday of this week that our committee is reporting out amendments to the school lunch program and prior to this time, only one State was permitted to make cash purchases and there is some question now of whether to give them a choice in that respect and I was interested for that reason in knowing if you had any idea of what the savings might be on centralized purchasing.

Thank you, Mr. Chairman.

Mr. Blouin. Thank you; Mr. Cornell.

Secretary Foreman, as I understand what Mr. Coplin said about his not being aware of any harrassment in the plant, I would like to direct a question to you. As I understand his job, he is out of the Chicago regional office over the meat grading division which determines whether the meat is not clean or dirty, but what part is prime, choice and so on down the line. Is that correct?

Ms. Foreman. And whether it meets the requirements of the contract when they are under Federal contract.

Mr. Blouin. In terms of meeting the amount of prime, the amount of choice——

Ms. Foreman. The fat content levels and so on and so forth.

Mr. Blouin. Would his Division——

Ms. Foreman. Excuse me. Whether it is being chilled quickly enough, packaged properly.

Mr. Blouin. Would his Division necessarily know about intra-Departmental concern about harrassment of inspectors through another Division within a given plant?

Ms. Foreman. I do not know if I can answer that as well as perhaps Dr. Mulhern or Dr. Fullerton.

Mr. Blouin. Dr. Mulhern, could you?

Mr. Mulhern. I am sorry, Mr. Chairman. I was talking to the other gentleman.

Mr. Blouin. As I understand Mr. Coplin's job, would his Division of Meat Grading necessarily be aware of intra-Departmental concern of harrassment of inspectors through another division of that Department, at the regional level of the Chicago office?

Mr. Mulhern. I would not think so, but the visits that Mr. Coplin would make to the plant would give an opportunity for informal communication, but apparently that did not take place.

But it is not something that we routinely do between the two organizations.

Mr. Blouin. So it is not at all unusual for the Meat Grading Division to not know about the kinds of personnel problems another Division would be having at the regional level?

Mr. Cornell. Would the chairman yield on that point?

Mr. Blouin. I will yield.

Mr. Cornell. I would like to get Mr. Coplin into this. He is quoted as having said—I do not know whether this is a correct quotation—if there were hundreds of documents of complaints and warnings and so forth about Packerland's USDA school lunch hamburger, why was I not informed about these complaints?

I assume, then, that you expected you would be informed. You said, "I should have been notified by someone so I could shed the light of truth on the inaccurate reports."

Is that a correct quotation?

Mr. Coplin. Yes, sir.

Mr. Cornell. Would you care to comment?

Mr. Blouin. If that is an accurate quote, maybe we ought to find out as well why different Departments or Divisions are not aware of that kind of problem.

Mr. CORNELL. Mr. Coplin, would you comment on that? Did you anticipate that you would be warned of such things? Have you been in the past?

Mr. COPLIN. I have not, in this situation, no. I certainly would expect to have been informed of something like this, but I was not.

Mr. CORNELL. Why would you expect to be informed of conditions?

Mr. COPLIN. We work for the same USDA, the same U.S. Department of Agriculture, the same Government. I think, with local Meat Inspection and with the local Meat Grading we have carried on an exceptionally fine, cooperative function. My people have done some meat inspection work cross-utilization and vice versa over the years, and this includes Green Bay and I have never heard of any harrassment in Green Bay—and I have had, in Green Bay, for the last 3 or 4 years, as many as 14 people from my staff doing daily supervision of the school lunch production.

I am only speaking of the school lunch ground beef.

Mr. CORNELL. Yes. Right now, though, we are talking about sanitation conditions and that is what supposedly you are commenting on here.

Now, have you in the past, in reference to other meat packing plants, been notified of violations?

Mr. COPLIN. No.

Mr. CORNELL. You have never been notified of any instance of any violations?

Mr. COPLIN. No.

Mr. CORNELL. Why would you anticipate, then, that you would have been notified in the case of Packerland?

Mr. COPLIN. Well, I think I should be notified regardless of what plant. I should think that this would be a routine matter, that we work together as a team. We are certainly trying for the same goals. I have seen the comments in the newspaper about the hundreds of documents, and so forth. I do not have such documents.

I have documents attesting to the quality of the ground beef in Green Bay as well as the other plants. I have gone to schools and talked to the dieticians and so forth.

Mr. CORNELL. Your documents do testify to the quality of the meat?

Mr. COPLIN. Not only at Green Bay, but at the other six plants. I have gone in person and my supervisors have visited many schools and we have asked them, how is the meat coming in? We get the finest comments. We have had no bad comments—in other words, they like the packaging, they like the freshness of it, the color and especially they like the leanness.

They say it is so much better than when they go out and purchase meat—and I have these documents and the names of the dieticians on file.

Mr. CORNELL. With all due apology to the people who might be preparing the school lunch program, they might not be considered professionals, but as far as your knowledge, from your own people, you have been satisfied with the quality of the meat that has come from these plants?

Mr. Coplin. I certainly have, yes.

Mr. Blouin. If I might reclaim my time for questioning, Mr. Coplin, your concern is over the quality. Does it get into the wholesomeness of the meat as well?

Mr. Coplin. My concern is that this specification here is fully lived up to.

Mr. Blouin. Of the grading?

Mr. Coplin. But there are also factors in the specifications that require the meat to be in a fresh chilled condition, and certainly all meat that we look at does not go into the school lunch program. In other words, the level of freshness, and so forth, is higher than what goes out to the public. There is no question of that.

Mr. Blouin. Getting back to the question that I was directing in regard to your knowledge or availability of knowledge of harrassment, before I yielded to Mr. Cornell, you say in response to a question to Mr. Cornell that you have not, in the past, been aware of harrassment in any of the plants in your region? You have not been informed of that kind of thing by the Department.

Mr. Coplin. I have not been informed and my grinders have not experienced any harrassment.

Mr. Blouin. The impression I got when you made your opening comment was that you were on the basis of authority, refuting any existence of harrassment. I am glad we have clarified that.

Your Department, your Division, has not been made aware of the harrassment that apparently has gone on to inspectors through other Divisions. Is that a proper clarification?

Mr. Coplin. I cannot speak for the Department but for me that certainly is correct.

Mr. Blouin. Thank you very much.

Mr. Coplin. I would make this statement, if I may. I said, we do not build up files on problems we encounter, because if we have a problem, we identify it on the spot and we make corrections, or else we stop operations.

Mr. Blouin. Thank you.

Ms. Foreman. Mr. Chairman, could I just point out one thing?

Mr. Blouin. Certainly.

Ms. Foreman. That when you find a problem, you stop the operation, applies to the inspectors as well, and I think the fact that this is the way the inspection operates is the overwhelming reason why ultimately the meat going out is OK and satisfactory and meets the requirements of the school lunch program and of our Contracting Division, but once again the law gives us no ability to make judgments about firms that push that acceptability to the limit on a continuing basis.

Mr. Blouin. Just as a clarification of that, the law gives you the ability, the regulations do not. Is that correct?

Ms. Foreman. No, in the case of the Meat Inspection Act, we may suspend inspection until the problem——

Mr. Blouin. But in the case of the school lunch program, it is a question of regulations, as your counsel interprets it.

Ms. **Foreman**. That is right.

Mr. **Blouin**. One further question, going back to the questions that we were involved in in my initial time, in regard to the awarding of a contract under erroneous knowledge of eligibility, I can understand without a system why the Department would not have been aware of that situation. Is there any justification for Packerland not to have been aware of that situation, of having bid illegally for a contract when they were not in compliance and not eligible to bid?

Ms. **Foreman**. I would like very much to check our records on that.

Mr. **Blouin**. Was there ever any effort to check into that at that point?

Mr. Uhler?

Mr. **Uhler**. To be sure there is no distortion on this point, our regulations require that the product will be put up in an establishment regularly operated under the regulations governing meat inspection. Now, he can bid in advance of receiving inspection, and that was the situation with respect to Packerland Packing of Plainview. There is nothing here legally that would preclude——

Mr. **Blouin**. Do your regulations not require that it be a federally inspected plant in order for it to be eligible?

Mr. **Uhler**. He did have a federally inspected plant.

Mr. **Blouin**. Not for the complete fulfillment of the contract.

Mr. **Uhler**. Then he could subcontract to another canning plant who had FI.

Mr. **Blouin**. But that was not the intention in this instance, was it?

Mr. **Uhler**. I do not know.

Mr. **Blouin**. Should you not have known?

Ms. **Foreman**. By the time the inspection, by the time the product was actually manufactured, the plant was inspected and what Mr. Uhler is reading to you is that specification says that it must be put up in a federally inspected plant. It does not say it must be a federally inspected plant in order to submit the initial bid.

Mr. **Blouin**. So the bidders do not have to be federally inspected, but if they are receiving a bid, in order to fulfill that contract, they must use a federally inspected facility?

Ms. **Foreman**. That is my understanding of what he has just read.

Mr. **Uhler**. That is correct.

Mr. **Blouin**. Is that the most effective, efficient and safe way to approach the purchasing of food for the school lunch program?

Ms. **Foreman**. I was not aware of it until this time and I think that is something that we may want to take a look at.

Mr. **Blouin**. We would appreciate very much if the Department would take a look at it and try to find some way of correcting that.

Dr. Burkert, do you have—we chased you away from the table. Could you join us again for a moment?

Do you have any records with you that would show that Packerland shipped dirty or unsanitary meat between their various plants during the processing stages?

Mr. **Burkert**. I do have some records of reports of unsound and contaminated and dirty meat shipments, but most of them are to companies other than Packerland. Maybe Dr. Krivacek can address this better than I, but it was my understanding that most of the problems between their own plants were usually handled without any paperwork if possible.

Mr. **Blouin**. Could you submit those records for the committee?

Mr. **Burkert**. Yes, sir.

[Information not received.]

Mr. **Blouin**. We would appreciate that.

Do you have any knowledge of other plants involved in the school lunch program having received adulterated meat from Packerland?

Mr. **Burkert**. No, sir.

Mr. **Blouin**. In the newspaper account, you stated:

> It is one big damned hassle to get them, Packerland, to meet our minimum requirements. There has never been a time when I did not feel there was a problem with these plants. I have encountered more resistance from Packerland than anybody in my 20 years of service.

Mr. **Burkert**. Yes, sir.

Mr. **Blouin**. With regard to this attribution, would you say this was a fair statement?

Mr. **Burkert**. Yes, sir.

Mr. **Blouin**. Would you like to expand on that at all?

Mr. **Burkert**. Would there be one particular point, Mr. Blouin, that you would want me to speak to?

Mr. **Blouin**. Maybe you could expand on the specific kinds of problems that you feel leads you to make this statement about Packerland that you feel do not exist at other plants in your 20 years of experience.

Mr. **Burkert**. Assistant Secretary Foreman did speak to some of them, and one area would be the constant harrassment of our people in the plant and the supervision. Another would be the constant appeals of condemned animals which they do very commonly.

Another area would be the meeting of the very minimum physical requirements in all of their plants. Another would be the constant appeals on almost anything that you could imagine, sometimes on a daily basis.

Mr. **Cornell**. May I?

Mr. **Blouin**. I will yield to the gentleman, my good friend from Wisconsin.

Mr. **Cornell**. The essential thing for us to know here, because we are dealing with the school lunch program and not with policies directly of the USDA, is the question of whether or not these alleged charges of harrassment influenced the inspectors to the extent that we had unsanitary meat leaving the plant. Now, would you say that?

Mr. **Burkert**. That I would not know, sir. Someone at a lower level of supervision would probably have more information on that particular subject than I.

Mr. **Cornell**. Perhaps you could answer this, which is somewhat akin to that. One of the statements that was made by Mr. Coplin—

or allegedly made by Mr. Coplin—is that a lot of meat processed at the Green Bay plants is not actually slaughtered at the plants. It is brought in, and as a consequence, it would be federally inspected before it was shipped there.

Is that true?

Mr. Burkert. Yes, sir.

Mr. Cornell. Have you any idea what percentage of the meat—and perhaps I should give this to Mr. Dvorak—what percentage of the meat that Packerland plants processed is federally inspected before they get the carcasses?

Mr. Burkert. Well, it all would be federally inspected, but as far as what percentage Packerland produces in their own plants as compared to what they buy for processing sir, I would not.

Mr. Cornell. I see. Thank you.

Mr. Blouin. Dr. Burkert, you say people closer to the plant under you would have a better talking knowledge of problems that exist. Is there anyone here?

Mr. Burkert. We have Dr. Krivacek, circuit supervisor in Green Bay, Wis.

Mr. Blouin. Dr. Krivacek, could you come forward for a moment?

Mr. Krivacek. Yes, sir, Mr. Chairman.

Mr. Blouin. Mr. Burkert, do you have your files with you at this point?

All right, Mr. Krivacek, are you familiar with any of the information in Dr. Burkert's files about adulterated meat being——

Dr. Krivacek. Yes, sir. I see just about all the reports that come through and I make comments on them, at least initial them, to acknowledge that I have a report concerning the allegation.

Mr. Blouin. Would you care to express your feelings about the quality of Packerland as opposed to the other plants that you are familiar with, the frequency of adulterated meat compared to other areas, other plants that you might be familiar with, and so on?

Dr. Krivacek. Yes, sir. I supervise other plants. I have one other slaughtering plant that is poultry, and I want this to go on record that we do not permit adulterated meat to leave a plant. We do not.

Mr. Blouin. Well, it is my understanding that some of the files that Dr. Burkert has with him refer to adulterated meat that leaves plants.

Dr. Krivacek. That is from the slaughtering establishment, I believe, sir. Yes, sir.

Occasionally meat——

Mr. Blouin. Is that permissible?

Dr. Krivacek. We do not intend that it leave a plant.

Mr. Blouin. How does it happen?

Dr. Krivacek. Carcasses, quarters and trailers can fall on the floor. It is possible. It is possible that occasionally a quarter could get by with a few hairs in the hindquarter, the hocks, possibly on the elbows.

Mr. Blouin. Here is one here on top—I have not had a chance to look through these, but a quantity of 100 cattle, 35,000 pounds, excess amount of hair on the hindquarters and so on down the line, damaged tendons, dirty as if dragged on floor, et cetera.

Is that what you would call a small quantity? I am not familiar——

Dr. KRIVACEK. I would say that it is excessive. Now, meaning what on the floor? Is this in the trailer, Mr. Chairman? Is that what they indicate there? I cannot remember all of these reports?

Mr. BLOUIN. I am not sure. It would take a special lesson in reading forms to understand some of this.

Dr. KRIVACEK. It is not intended, but occasionally——

Mr. BLOUIN. Maybe it would be better if you had this in front of you.

Dr. KRIVACEK. Occasionally these quarters could contact the floor of the trailer. It is not intended that they do so, and possibly that is what they are referring to there.

Mr. BLOUIN. Well, as I understand it, these are files listing individual situations of transfer of adulterated meat from one division to another within Packerland and from Packerland to other companies.

Dr. KRIVACEK. Well, I do not like this word "adulterated." Does it not say unclean?

Mr. BLOUIN. "Unclean." Yes.

Dr. KRIVACEK. That is a little different situation.

Mr. BLOUIN. What is the difference between the two?

Dr. KRIVACEK. When you adulterate something, you are going to change it, perhaps, add too much water to it, something in the formulation of it.

Mr. BLOUIN. As opposed to just not a satisfactory quality?

Dr. KRIVACEK. Unclean, yes. I think we ought to use the word "unclean." "Adulterated" has too much of a harsh tone to it, I would say.

Mr. BLOUIN. All right.

Is this, in your opinion, an excessive amount of unclean meat for a plant?

Dr. KRIVACEK. We do not intend for any of it to get out with any hair on it, but this will happen occasionally, sir. We do not like it.

Mr. BLOUIN. If it gets out generally to different plants is there a higher probability, if there is a higher frequency of that kind of problem with Packerland, is there then a higher probability that unclean meat can get into the school lunch program?

Dr. KRIVACEK. Well, I would like to say it does not get into the school lunch program, because we have a couple of shots at it.

Mr. BLOUIN. How can you say that if you say that unclean meat does not get out, or you do not want it to, but it does occasionally? If you accept the fallibility of humans in that area, would it not necessarily be true that the same kind of fallibility would exist in almost direct proportion in the school lunch division?

Dr. KRIVACEK. First of all, Mr. Chairman, you should realize that all meat has to be inspected, and quarters trimmed before it is put into the school lunch program and we have a couple of shots at it. As it is unloaded off a trailer and into the plant, it is inspected in that area. Any possible contaminant of hair, dust, occasional piece of hide, this type of thing, sir, is removed from that.

Mr. BLOUIN. You are saying that there is a finer inspection program for the school lunch program?

Dr. KRIVACEK. Oh, yes, sir. That is why it is necessary——

Mr. BLOUIN. So there would not necessarily be any direct correlation between the two?

Dr. KRIVACEK. Right. We do this for any program, any of our boning operations, not necessarily for the school lunch program. Yes. I want to make that clear.

Then, again, they have another shot at it before it goes on the boning table, because at that point it is inspected again, hopefully so nothing has been missed as the quarters, the beef, come into the plant.

And then as the product continues down the table it is looked at again. The graders look at every piece of meat and if something should happen to slip by, it is thrown back and trimmed, and this is another safeguard.

Mr. BLOUIN. All right.

Have you had any particular problems with Packerland in terms of harrassment, an excessive amount of problems? That is also a general word that is a large catch-all.

Dr. KRIVACEK. I have had some, and I have had some in other plants, too.

Mr. BLOUIN. Is it more than others, or is it about the same?

Dr. KRIVACEK. I think perhaps maybe a little bit more, but nothing that I could not handle.

Mr. BLOUIN. I think I could believe that.

Dr. KRIVACEK. When I got through with them, I said let's not have this happen again, and it did not, that particular thing. But another situation might develop at another time and I do not think I have had to enter into more than a couple or three situations where my inspectors were involved, or they might report a slight fracass to me and I would say, well, do you need some help with this? They say, no, Doc, we can handle it, and they can.

Mr. BLOUIN. All right. Thank you.

Dr. KRIVACEK. Yes, sir.

Mr. CORNELL. I was wondering, in line with the previous question of the chairman, would it be possible to get from the Department a comparison of the amount in terms of pounds of the red meat that is condemned of the major meat packers, including Packerland. Would it be possible to get those figures and supply them to the committee?

Dr. KRIVACEK. Yes, sir.

[Information not received.]

Mr. CORNELL. Thank you.

Mr. BLOUIN. Mr. Kildee, do you have some questions?

Mr. KILDEE. Ms. Foreman, in your testimony, you stated:

> I am reasonably certain that the meat items bought by the Department from Packerland firms were satisfactory for use in the School Lunch program.

What steps do you take to ascertain that on the school district level or in the cafeteria level or in the preparation room level that the meat items are satisfactory?

Ms. FOREMAN. Well, in addition to the inspection that is carried out with the Federal inspection, we then have graders from the U.S. Department of Agriculture who checks, as Mr. Coplin was just describing, not just on whether or not the meat is sanitary but whether or not it has been packaged appropriately, whether or not it has been quick-chilled so it has not been in a high temperature for too long, and it is my understanding that even, from time to time, checks with schools in the districts to make sure that the quality of the product received was satisfactory.

Further, we have very, very few records of any complaints coming back to the Department about the quality of the meat in the school lunch program. It is consistently, year after year, the most popular item in our food distribution program to schools in the school lunch program.

Mr. KILDEE. Take, for example, bacterial count. The usual person preparing the food would not be equipped to detect bacteria. That would take some scientific testing.

Do you do any spot-checking in the USDA on the level of the school district to check on bacteria count?

Ms. FOREMAN. We check that before it leaves the plant, do we not, Mr. Coplin?

Mr. KILDEE. Before it leaves the plant. All right.

That is all, Mr. Blouin.

Mr. BLOUIN. Thank you.

I would like to direct a couple of quick questions to Dr. Fullerton and then we would like to turn to Mr. Dvorak. The questions that I would like to address to you, Doctor, have to do with the plant grading system and in-plant compliance.

Is it accurate to assume that a grading 1 rating presumes a probability that contaminated or adulterated meat will be produced, if not corrected immediately; a 2 rating implies there is a possibility that contaminated or adulterated meat would be produced; that a 3 rating is good; and that a 4 rating is excellent?

Dr. FULLERTON. In general, Mr. Chairman, that is correct. I would like to point out at this time, though, that that is an internal rating system that we use to monitor the effectiveness of our program. A category 1 plant we feel is at a low level of effectiveness, as opposed to the category 4 being at a high level of effectiveness.

There is more than the one factor of sanitation to be considered in categorizing plants. As I said, this is an internal system. We do rely on our in-plant inspectors for carrying out the program. I think we have seen some indications of dissension among people here this morning and I would like to say at this time that when our reviewer goes into that plant from the in-plant compliance group in Lawrence, Kan., he is looking for what he sees at that time.

He may see good things; he may see some bad things. The worst item that he sees in here is the category that that plant receives. The overall review of that plant is not averaged, but is on the lowest rated item out of the hundreds and hundreds of items that he sees there.

We cannot, from a program standpoint, put the significance on a category 1 rating that the newspaper article has done, although I would hasten to add that those particular items which appeared in the paper, I believe, were essentially correct.

The weight of that category 1 plant is such that, while it is very serious to our program, while it is very serious to our specific inspector in the plant and on up the supervisory chain, it is not that significant to me, because I am trying to make an overall evaluation of how that region is stacking up against another, and if the system is going to continue to have the emphasis on the category 1 or category 2, I am afraid we are going to use a very useful tool.

Mr. BLOUIN. Assuming that the grading is not a locked in system, then why have the probability-possibility good and excellent earmarkings to it?

Dr. FULLERTON. This is a tool that we wish to use to get back for another look at that plant. Category 1 plant is a higher risk plant as far as the probability of adulterated product, and therefore we want our reviewer to get back in there in about 6 months.

Mr. BLOUIN. What percent breakdown is there in the plants nationwide in each category, can you give us that?

Dr. FULLERTON. Mr. Chairman, we have with us Mr. Goodman who is the director of the compliance staff. I would prefer to yield on that question.

Mr. BLOUIN. Could he give us just the percentage breakdown nationwide of the four categories?

Mr. GOODMAN. On the initial reviews, which is the first time a reviewer has gone into that plant and looked at it, about 5 percent of the plants nationally would fall into a review category 1, around 23 percent in a review category 2, about 53 percent in 3 and the remainder, whatever that is, in category 4. That is on the first review.

Mr. BLOUIN. The first review?

Mr. GOODMAN. Yes.

Mr. BLOUIN. So only about 5 percent on the first review hig category 1.

Mr. GOODMAN. That is right.

Mr. BLOUIN. Of plants that are involved in school lunch contracts, what percent fall into these categories on the first review, about the same?

Mr. GOODMAN. I cannot answer you directly, Mr. Chairman, there has been no compilation of data on it. I would suspect it would be about the same, but I do not know.

Mr. BLOUIN. Well, let me give you one statistical example here and tell me if there is any relevance to this. In February of 1976, the University Meat and Cold Storage Plant of Packerland, which is their only ground beef processing plant, had a rating of 1. In 1976, Packerland had 47 percent of the frozen hamburger contract for the entire school lunch program nationwide.

Is it fair to assume, then, that at least 47 percent of the school lunch ground beef contractors had a "1" rating in 1976?

Mr. GOODMAN. No, sir, I do not look at it that way. It seems to me that the reviewer goes to that plant, and he literally takes a snapshot at the time of conditions observed. Whatever he was criticizing, the deficiency which brought about that "1" rating, may not last. Corrections were probably made very shortly thereafter.

Mr. BLOUIN. Well, according to our own timetable here, in August of 1976, that rating was raised to "3" as per the USDA inspections in your records. Does that mean to imply that in just 6 or 5 short months all of the ills that caused that "1" rating had disappeared and all of a sudden that plant was putting out good as opposed to probably poor meat?

Dr. Fullerton. Mr. Chairman, may I address that?

Mr. Blouin. Yes, both of you may. You are first, Dr. Fullerton.

Dr. Fullerton. OK. We have heard testimony from Dr. Krivacek just a few moments ago that he never did agree with that category 1, and he is the circuit supervisor of that particular plant and——

Mr. Blouin. Well, who gives these ratings?

Dr. Fullerton. These ratings are done by Mr. Goodman's people out of Lawrence, Kans. It is an internal review system to answer to my office. It has nothing to do with the level of effectiveness as far as Dr. Krivacek thinks he is maintaining there.

I want to do this for several reasons. I want to maintain the effectiveness of those plants. If we have some that are low, I want to upgrade those. If we have some miscommunication among our 8,000 or 9,000 people out there where we have miscommunicated on our procedure, I want that report coming back in there so that we can correct those things.

It is not a check on that inspector or that particular plant, per se. If you take it out of context, we are going to see some very, very disappointing results.

Mr. Blouin. Well, for interdepartmental purposes, the USDA calls a rating of one a "probability that contaminated and adulterated meat will be produced if not corrected immediately."

Dr. Fullerton. That is correct.

Mr. Blouin. There is a probability that unclean meat is going to be moved out of that plant, then that ought to be cause for alarm. If it is not cause for alarm, then why have the rating?

Dr. Mulhern. Mr. Chairman, in my opening statement, I commented on this area. Compliance review is a management tool we have. It does not identify the category of the plants. It is an evaluation of how well our inspectors are doing the job.

Dr. Krivacek said if he saw contamination of product, he immediately stops it——

Mr. Blouin. Let me stop you right there. It is an evaluation of how well your inspectors are doing.

Dr. Mulhern. Yes.

Mr. Blouin. Fine. On that basis, then—maybe it is important to find out who was doing the overseeing of the inspectors. What are the qualifications of the people that do this kind of grading?

Dr. Mulhern. Let me pursue my point, if I can.

Mr. Blouin. All right.

Dr. Mulhern. Dr. Krivacek says he is on the line there and he sees contamination of product. He stops it to get rid of the contaminated product. If the compliance officer, when he makes his visit, saw that same thing, that plant is categorized as a type 1.

In striving to have the best system, we want to make sure that when a compliance officer comes there that there is nothing in the plant that would make him categorize it as type 1.

Mr. **Blouin**. I seem to remember something said here today or in one of the stories or whatever that there were somewhere in the neighborhood of 103 specific problems in Packerland. That is—if that is accurate, that does not strike me as being a one problem when you walk in the door on a bad day.

Staff tells me that that was prior to its opening in 1973. OK. And those problems were corrected, up until that point.

Well, let me get back, then, to the qualifications of the people who are doing the overseeing. What are the qualifications?

Dr. **Mulhern**. I think the qualifications are that they be veterinarians and they are specially trained lay food technicians that are under the supervision of the veterinarians.

Mr. **Blouin**. Well, our understanding is that they are all not veterinarians.

Dr. **Mulhern**. That is what I said. There are lay inspectors specially trained as food technologists that serve under the supervision of a veterinarian.

Mr. **Blouin**. Is a veterinarian more equipped professionally to make an accurate determination of the grading system, plantwise, for the purposes of the Department than a nonveterinarian?

Dr. **Mulhern**. We use both.

Mr. **Blouin**. That was not my question.

Dr. **Fullerton**. Let me try to answer that, Mr. Chairman.

If we are going to inspect a slaughter plant where live animals are brought in to be slaughtered and that live animal is going to be turned into meat for people to eat, we want to check the disease aspects of that animal, both before it is slaughtered and after slaughtering. In that instance, we want a veterinarian there that is trained in diseases to be available to make any necessary dispositions of that animal, so in that instance, we need a veterinarian.

From the standpoint of knowing dressing defects, from knowing sanitary requirements, a degree in veterinary medicine is not necessary.

Mr. **Blouin**. Well, as I understand it—again, correct me if I am wrong—the gentleman who gave the "1" rating at Green Bay was a veterinarian——

Dr. **Fullerton**. That is correct.

Mr. **Blouin** [continuing.] And 5 months later, the gentleman who gave the "3" rating was not a veterinarian.

Should you not at least, for whatever purposes, if you are going to compile these statistics, use the same qualified standard of inspector throughout the entire inspection process?

Dr. **Fullerton**. We believe that we did.

Mr. **Blouin**. When you shift from a veterinarian to a nonveterinarian, you certainly do not.

Dr. **Fullerton**. Respectfully, sir, I disagree. Under the situation that we are looking at there, at sanitation, both of those people are equally competent to call beef hair "hair," rail dust "dust," those kinds of things.

There was not any consideration of a diseased condition. This particular plant in question, here, does not slaughter, as I understand it. It further processes already slaughtered beef into the primal cuts which are then ground into hamburger.

So from that standpoint, I would consider both of those individuals equally competent to call that particular rating in this case.

Mr. Blouin. I will take your professional opinion on that. I understand, from what Dr. Mulhern said, that one of the high qualifications for the slot was that they be veterinarians first and from there be trained under a veterinarian, so that I assumed that the Department and those who divised the system felt that it was very important that that kind of professional background be available for those doing the overseeing.

I get the impression from what you are saying that that is not necessarily true, that it does not make that much difference.

Ms. Foreman. Not when it is not a slaughtering plant, I think is the point that he is making. This is a processing, not a slaughtering operation. In a slaughtering operation, where you might be dealing with diseased animals, the——

Mr. Blouin. Well, let's compare it from there, then, and maybe that will help clear up some of my confusion.

Which one of these plants is the slaughtering plant for Packerland? Is it the one in Green Bay, No. 562? Is that accurate.

Dr. Fullerton. Packerland is slaughter. University is not.

Mr. Blouin. Packerland is slaughtering, University is processing. All right. Then if the statistics you have provided us are accurate, since June of 1975, the slaughtering plant has had a rating of "3," is that correct?

Dr. Fullerton. Yes, sir.

Mr. Blouin. Do you happen to know what the qualifications of the person who gave that rating are? Was that person a veterinarian?

Dr. Fullerton. I would not know at this time.

Mr. Blouin. Is there anyone here who would know that?

Mr. Krivacek?

Dr. Krivacek. Mr. Lawrence, a nonveterinarian.

Mr. Blouin. A nonveterinarian again.

So that there is not a consistent——

Dr. Fullerton. Mr. Chairman, were there indications that diseased processes were checked at the time of this review? I assume you have it in front of you, Mr. Chairman?

Mr. Blouin. That would be one of my questions to you. Were there?

Dr. Fullerton. If Mr. Lawrence did it, absolutely not.

Mr. Blouin. All right. Would you mind spending just a brief 2 minutes, if possible, explaining again what the purpose of this in-plant grading system is? What is it accomplishing? It is accomplishing a heck of a lot of confusion. I think that is fairly certain.

You have attached labels to different levels that cause alarm, in my opinion, if plants at a probability level are putting out a large amount of Government purchase meat. If it does not meet that, then why have the definition attached to it? Could you explain some of that for me?

Mr. Goodman. Let me have a try at it, Mr. Chairman.

The system was set up as an internal review system designed to evaluate the effectiveness with which inspections were being carried out in these 7,000 plants out there. The particular point that you are addressing about the veterinarian versus the nonveterinarian, the decision was made that we could use nonveterinarians to review these plants so long as the nonveterinarian did not make decisions about ante mortem or post mortem examination of the animal, which is a particular area of expertise that only a D.V.M. had.

So we look at, using both veterinarians and nonveterinarians, for many processes excluding, in the case of the nonveterinarians, any examination of how ante mortem and post mortem is carried out.

Now, as to the ratings system that you asked about, we needed, we thought, some gage, some rough way, of relating to something and we took a number to reflect our concern about what we saw there, and we went back to the Act and used the terminology in the Meat Inspection Act and in the other case, the Poultry Products Inspection Act to reflect that concern.

Now, when you are conducting an internal review system, you use what can be looked at, if you will, an almost idealistic frame of reference, of necessity. This level that you are shooting for is a very high one indeed, because you do not start with the lower one, you start with the highest and recognize that you are going to fall a little short, something like the Golden Rule. But, nonetheless, that is the level of aspiration.

So the language used and the significance of these ratings relate very simply to probability that—I think the term is "adulterated or misbranded product" may come out of that plant if that condition is not corrected, in the judgment of the reviewer. And, you must keep in mind, there are variations in judgments of reviewers and people in the plant and this is a highly complex task.

I think where we are getting offtrack is the idea that this is a one-shot thing conducted in a few hours' time in a plant which may or may not reflect the conditions that are prevalent for most of the time in there. But we do feel——

Mr. BLOUIN. Based on that, do you feel category 1 plants should be forbidden from bidding on Government contracts?

Mr. GOODMAN. No, sir, I do not.

Ms. FOREMAN. May I interrupt momentarily, because I think one of the points that has not been touched on here is that you might find a condition in the plant that requires the compliance officer to make it a "1" plant in February. The next compliance review does not occur until August. That does not mean that the condition persisted for that time.

If the inspection system is working appropriately, that problem was remedied immediately. It existed and was remedied.

Mr. BLOUIN. If that is the case, should there not be some kind of a memo attachment to your internal ratings system that does not change the grade 1, but says the problem that caused this has been corrected?

Ms. FOREMAN. The assumption is that the problem will be remedied. This is strictly an internal document. It was never intended to relate to the public the conditions in that plant. It was for us to determine if our inspectors are out there doing a good job in performing their functions.

So it really was not relevant to us whether or not it was corrected immediately. Our assumption is that it was corrected.

Mr. Blouin. Are you satisfied with an assumption approach, that just because it has been pointed out, it will be corrected?

Ms. Foreman. Yes, because the inspectors are there. This was——

Mr. Blouin. So you are assuming that they are going to do their job.

Ms. Foreman. Yes; too much hair at X point——

Mr. Blouin. Would it be asking too much, then, to ask that inspector to send some kind of a memo to be attached to your internal file so that when records are passed out giving grading levels, notations of actual corrections that have been made would be there?

Ms. Foreman. Dr. Mulhern informs me that that, in fact, occurs.

Mr. Blouin. That occurs now?

Dr. Mulhern. When I said that the compliance review can be misleading, each day the inspector records the things that he found wrong and which were corrected that day and so the evaluation of the compliance group that is going in there to see whether or not these different things that are taking place within that plant.

What we evaluate is if our inspectors in that plant are not finding things that are No. 1 and yet that compliance group goes in there and they find time after time that there is a No. 1 condition, then our inspectors are not doing what they should do. But if they go in and if this time they find No. 1 and they go through the daily reports and they see the inspectors have also found at times No. 1, that indicates that the monitoring——

Mr. Blouin. So you use this as a quality control over your inspectors, not a target for the inspectors to shoot to?

Dr. Mulhern. I agree with you that we have to get it out—the purpose for which it is being used for is to tighten——

Mr. Cornell. Would the chairman yield?

Mr. Blouin. Well, it is certainly misleading, the way it is established today.

I will yield to the gentleman.

Mr. Cornell. How often do you have a compliance group go into a plant? Is there any set time?

Mr. Goodman. The way it is set up, in order for us to get into each of the 7,000 plants with a relatively small staff is that we statistically sample from the 7,000, or whatever remains, in order to get random reviews on the first review.

From that point on, for our review category 1 plant, we would go back within 6 months; for a review category 2, within 1 year; for a review category 3, within 2 years; and for a review category 4 within 3 years.

So you have two things going on, followup reviews and a statistically selected random sample from the unreviewed plant.

Mr. Cornell. Can I assume that the reviewers, whether they happen to be veterinarians or nonveterinarians, have some type of instruction or preparation before they tour these plants?

Mr. Goodman. Yes, they do.

Mr. Cornell. There is some type of a, I presume, a listing of the items that they are to check in each plant so that there is some type of uniformity of inspection?

Mr. GOODMAN. We have tried to use the act itself as a frame of reference for the evaluation of the effectiveness of the inspection in that plant, and by doing that, the review categories are what we are using in that way, to try to look at the entire process within there, excluding, in the case of nonveterinarians, ante mortem and post mortem, and to say that we believe that there is either a probability, a possibility or a potential for adulterated or misbranded or uninspected meat going out of that plant.

Now, that is about the system they use. They look at the whole system.

Mr. CORNELL. Is it unusual for a plant to get a rating 1, as far as your rating system goes, and then 6 months later to get a rating 3?

Mr. GOODMAN. No, it is not. That, in my opinion, is one of the hidden success stories of the thing.

It is very seldom that a plant found in a review category 1 will be found in that same category when going back 6 months later. More than 90 percent of them move out of that particular category.

Mr. CORNELL. If I might be a little facetious, this could happen without congressional intervention?

Mr. GOODMAN. Yes, sir.

Mr. BLOUIN. I just have two questions left, and then I would like to go to Mr. Dvorak.

Do you feel that—I think I will pretty well accept that the grading system is not a good place to hang your hat in determining eligibility for bidding under the school lunch program or any other commodities program.

What other standards ought to be used, or do you think that Secretary Foreman's opening statement would satisfy the regulatory gap there that appears to exist? What other standards ought to be used for determining eligibility for plants that have a history of noncompliance in terms of saying you cannot bid until your history changes?

How do you develop that history, I guess, is probably another aspect of it.

Ms. FOREMAN. We have added some things to the compliance review, this effort that Mr. Goodman was talking about, things that we might consider in this, that we would have these criteria: A required, organized and implemented plant program to insure sanitary facilities and equipment prior to and during meat and poultry food operations where the evidence required that were there continual, daily or weekly failures in meeting sanitary standards for equipment and facilities prior to and during operations you would not need that standard.

The recalls product, or outside plant detentions. Inspector harrassment, personal attacks, or intimidation. A failure to adhere to plant facilities and equipment maintenance and other grading schedules.

Continuous findings of this internal plant compliance of standard 1 or 2. These are some of the things—anything that where you have a daily report of endangering the public health, the possibility of—where that happens, where the inspector has, again and again, stopped the line because he feels that there is a threat for that.

Now, we have no accumulative basis for this. This would give us some accumulative basis on which to make judgments with regard to these plants.

Mr. Blouin. Thank you.

One final question, Dr. Fullerton.

Is it possible for the USDA to pull Federal inspectors out of a plant if the plant has a history of noncompliance?

Dr. Fullerton. Mr. Chairman, at this time it is virtually impossible to do so. I think Ms. Foreman has addressed that issue previously about our difficulties of removing inspection from establishments with a long history of noncompliance. It may be technically possible, but it is so cumbersome that, from a practical standpoint, we would never get it done.

Mr. Blouin. I guess I have some questions about that in my mind. In title XXI, section 671, it states:

> The Secretary may, for such period or indefinitely, as he deems necessary, to effectuate the purposes of this chapter, refuse to provide, or withdraw, inspection service under subchapter 1 of this chapter with respect to any establishment if he determines, after opportunity for a hearing is accorded to the applicant for, or recipient of, such service, that such applicant or recipient is unfit to engage in any business requirng inspection under subchapter 1,

et cetera.

You do not read that, or general counsel does not read that, as to give you the power?

Ms. Foreman. No, sir.

Mr. Blouin. How much clearer does it have to be legally?

Ms. Foreman. Well, among other things, it means that you have an administrative hearing and then you have a court case and the inspection continues all during the court case and there is no power there for us——

Mr. Blouin. There is no power to shut it down?

Ms. Foreman. That is right, and there is no power for us to judge that on a cumulative basis. Counsel has interpreted us as not giving us the power.

Mr. Blouin. That is the legal change you feel needs to be made in terms of the wording of this law, to give you the power to shut it down?

Ms. Foreman. Yes, sir, and to make judgments to give the Secretary the discretion to do that where there is an imminent hazard to health, and consistently you have had court decisions that verified the power to do it where there is an imminent hazard to health, but also to be able to take into consideration this continuing process of having to be shut down and reopened, shut down and reopened, the inspection suspended and then reinstated immediately after a condition has been corrected.

Mr. Cornell. I have one last question. I am concerned about the appeals system that you may have. What appeals is provided the present system if you should shut down operation of the plant?

Ms. Foreman. There is an administrative hearing and then the power to appeal in court.

Dr. Mulhern. But, in addition, the packers are aware that there are different levels of supervision outside of their plant and they pursue that. For example, Dr. Burkert is the regional director. They have appealed to him in decisions that were not acceptable to them within the plant, and then if they are not satisfied there, then they appeal further up, either to Dr. Fullerton or myself or the Secretary.

Ms. Foreman. May I add one thing in further response to the chairman's question?

The legislative history of the Act with respect to the unfit-to-continue-in-busniess provision, I believe—and I would be willing to check this for you—I believe makes reference to felonious acts rather than to the maintenance of sanitary conditions. That is the legislative history of this particular act went to economic and other misbehavior in the industry rather than—and the standard is addressed to that regard.

Mr. Cornell. So it is even more restrictive than it appears?

Ms. Foreman. Yes, sir.

Mr. Cornell. Thank you, Mr. Chairman.

Mr. Blouin. Thank you very much, Secretary Foreman, and the rest of you. You have helped us today.

If you have the time, we would appreciate some of you staying in case there are questions or points that Mr. Dvorak raises that would require your response.

Ms. Foreman. I made a misleading response, Mr. Chairman, in response to a question of Mr. Kildee. I have been informed that we do not do bacterial checks on meat that goes out to the school system as part of the grading process. We have a number of other steps that are taken, including certain requirements for maintenance of the meat at temperatures sufficient to retard the growth of bacteria but we do not, as a matter of course, do bacterial checks.

I would be glad to submit for the record the steps that are taken to maintain quality control on the federally graded meat that goes into the system.

Mr. Blouin. We would appreciate that very much. Thank you.

Mr. Norval Dvorak from Packerland, the assistant to the president, a couple of hours ago we heard your opening statement. One comment. We may be stopped momentarily by a quorum. If that is the case, we will just recess for the length of time it takes us to get to the floor and respond and then get back, and we will stay here as long as necessary to finish the questioning.

I think it would be fair at this point, it would probably be proper, to allow you to comment on anything that may have been said in the past couple of hours before we go into questions.

If you choose to do that, feel free to.

Mr. Dvorak. I would like to introduce to you Mr. Roger Rotter who is plant superintendent for our plant in Green Bay. We also have some testimony that we would like to put into the record, if we could, and it will be made available for whoever wants it.

[Information requested follows:]

Quality assurances that are provided by Livestock Division specifications in procuring red meat items for use in the USDA School Lunch Program. (As requested by the Subcommittee on Elementary, Secondary and Vocational Education of the House Committee on Education and Labor).

1. Specific grade requirements.
2. Fresh domestic product.
3. Trimming of all undesired material such as cartilage, connective tissue, discolored meat and dehydrated surfaces.
4. Specific mix of primal and rough cuts.
5. Time and temperature requirements during the deboning and grinding procedures.
6. Control of fat content variability and lot average.
7. Control of time and temperature for entry into freezer and storage.
8. A random check of commodity again prior to loading to determine if it has suffered any deterioration during the freezer holding period.

Mr. DVORAK. Mr. Chairman, would it be proper if I asked questions of the people who preceded me? Is that suitable?

Mr. BLOUIN. Let me find out. [Pause.]

I think it would be better for you to make your points as opposed to—it is highly unusual. I would assume that you might be able to bring things out that they would want to comment on, and if you say it in the right frame of mind, maybe one of us would refer it back in the form of a question.

Mr. DVORAK. Then I would also like Mr. Rotter, also to make comments on that.

Mr. BLOUIN. That is quite all right.

Mr. DVORAK. I would like to make comments on some of the comments made preceding my own here. I think that Mr. Coplin would probably, or could probably, further shed light upon this thing of what the relationship is of the grading service to the maintenance of quality control and sanitation of product before it is ground into hamburger, inasmuch as the school lunch programs are very much here in question. I think he would testify to the effect that the last inspection of the meat before it goes into the grinders is made by two people from the USDA grading service that look at all of the meat that is involved.

They are also held responsible for—they do hold themselves responsible for—the cleanliness of product before it goes into hamburger.

Now, in this regard, I would like to come back to the comments relating to the report of Dr. Mathias in regard to Dr. Whitman's giving us the No. 1 rating. I think Mr. Fullerton, or probably most anyone from the Meat Inspection Service, would agree that any 5 minutes after that inspection and that grant was given, we might have again been, or could just as easily have been, a No. 3 plant, and as a matter of fact, we did contest the particular grade that was given us, and I think it bears out that the problem over this, Mr. Blouin, from the standpoint of the confusion that reigns over it—the stigma is certainly not a very desirable one, and we objected to the stigma that was attached to this.

I would like to read you a letter and read it into the record as to what we did, if this is suitable to you. I addressed this one to Dr. Mulhern. This was on February 17, 1976.

> I have been reading over the report from Dr. Whitman, copy encolsed. It is not a pretty report, but then it was not written to be a pretty one. It was written to be the type that you would supply a Ralph Nader Committee. We are irate over it. We know the plant that the same inspector found metal in the boneless beef and gave the plant a Number 3 rating and certainly the offense is greater.

There is not one single plant in the United States on any one day that you cannot find some fecal matter or some hair or some part of the carcass. If this is the way you wish to grade a plant, without following the MID manual on sampling practice.

Can you deny this? Turn to page 1 in the discussion of the hard core plants. The condition in the plants were

and I am reading now from the particular allegations—were:

at the time of the reviews, and had been for some time, deficient. That is an untruth. Who says they have been for some time deficient?

Whitman was in the plant one day. Document for us that this has been a perennial problem.

Second, the system of periodic follow-up rendered by the IPCP has failed to serve as an impetus for improvements. Even more so untrue, and I am going to answer that with point three.

Three, corrective actions by inspectors and supervision has not been instituted or has not been sustained. Now, that is a damned, outright lie. Attached are the MC-20's of the lay inspectors and Dr. Krivacek of the past year and our response to them, and it has been a positive, affirmative response.

Initially, when we opened, we had the allegations that there were 103 areas, or whatever this number is, items that needed correction. Dr. Krivacek will document that we did make all of those corrections. I submit for your review that if you take a look at this plot plans of this plant 562B the day it was approved in 1973 and the current plot plans to see whether improvements have been made.

In that time we have spent over $1.125 million in plant remodelling and new equipment, and will document this for you. It is not a hard core plant, by any standards. I further suggest that you ask Dr. Peterson from the Plans Submittal Division in Washington and Dr. Burkert of Des Moines, who were here on opening day to review the plant, coming today to determine whether there has been an impetus for improvement and whether improvement, indeed, did take place.

Whitman, or whoever put the form letter together, may take greater delight in stereotyping us, but I asure you we will not accept the stereotype irrespective of what Dr. Whitman may say.

Dr. Krivacek is now trying to improve a lot system upon us in the boning room. The request is not in accordance with the manual. We are not out of compliance. This does typify Dr. Krivacek's reasonable approach to plant inspection and we have every reason to believe that it again represents the irrational actions of his superior, Dr. Stanton.

We notice in the form letter that your legal recourse against us is very carefully spelled out. Again, this typifies the bureaucratic thinking of nowhere spelling out the rights the accused has of defending himself. We have some. We are exercising them, and we are beginning by asking—and I repeat this—we are asking for a prompt rereview under the same criteria that the preceding 20 plants were reviewed prior to our reviewal.

All has not been well in your inspection service, Dr. Mulhern. My position remains the same, that in Wisconsin, the greatest service you can do for the meat inspection is to close down the Madison office and provide the Circuit Supervisor with extended authority and have them report directly to Des Moines.

Coming back to my original statement, we have been critics over the structure of the Meat Inspection System, its responsiveness to industry, and frankly, as a result, we think its lack of potential efficacy.

I would like to go on from here. The question arose sir, about the number and percentage of condemned animals in our plant versus others. I think, and I would be most happy to provide you with this, we have a higher percentage than is normal for the industry. We have a 1 percent-plus percentage of condemnation. If what you are attempting to show is there has been any leniency, I will assure you that the answer to that is no.

I would like to have you again redirect a question to Dr. Krivacek. I want—I feel very confident that he will tell you this, that my door personally has never been closed to him. He comes in on a regular basis, let's say weekly, biweekly, to discuss problems with me, as do people from his staff.

I think he would be happy to verify this, and if there are any problems, we get on them right quickly.

I might further point out that our plants currently have the highest categorical ratings that we have ever had irrespective of what that may particularly mean. Further, I would like to add that we purchase along about 100,000 pounds of meat daily out of that 300,000 or 400,000 pounds that we produce comes into us from other packing plants. It comes from Iowa, Kansas, Minnesota, and other plants.

The problems of meat quality are no different coming from plants into us than what there are from that which we ourselves slaughter in our own. They are handled alike, they are trimmed alike, they are checked alike. There is no differentiation shown.

I think that probably is the extent of the comment and answers here that I would like to give. I would like to offer one more suggestion, and that is this. I recognize that at this point we have been painted as somewhat of a blackguard. I do not feel that we have unduly harrassed, intimidated, MID or grading personnel, USDA personnel. It is scarcely my nature to do so, if I represent management at all.

Confidentially, Mr. Blouin, I do not know what my wife thinks of me as a lover, but I think I am still probably a better lover than what I am a fighter. On the other hand, I will, in full sincerity, say this and take this position that if we show up on the records as being more adamant in the pursuit and in the defense of our liberties, you may rest assured that that posture we really are not going to change.

I would like to make one recommendation to Ms. Foreman, who I recognize is new in her job, and I have made this recommendation in several places in my testimony. I think it behooves her to spend some time in the country. I think she ought to call up some of the plants, recognizing full well how busy a person she is, but I think that is in the best interests of both the Meat Inspection Division, of industry, and of the contracting program, large as it is, and in the interest of the consumer to be able to speak, in this regard, with some firsthand experience, and we would welcome such personal visitation upon us.

Mr. BLOUIN. Thank you very much, Mr. Dvorak. I have a few questions I would like to ask and I know that Mr. Cornell does as well.

How many packing plants are Frankenthal-owned in the United States, just the five that we have been discussing generally, or are there others?

Mr. DVORAK. There are two in Green Bay that is Packerland Packing Co. and University Meats and Cold Storage. We have a contractual arrangement in Green Bay with Larsen Canning Co. where we can meats in conjunction with them. They have the canning equipment and we have the meat processing equipment.

One of the reasons that some of your prior testimony got into an area that was difficult to bridge was we can meat with them only in those months that they are not in the business of canning vegetables, and so, at the end of the meat canning season, we ask that the Meat Inspection Service—that the meat inspection—that we ask for a temporary withdrawal of inspection service until we start up again in the fall of the year, so that for a period of 6 months there will be no activity there. When we come back in, we ask for——

Mr. **Blouin**. That is a normal, annual process that you go through every year?

Mr. **Dvorak**. Yes, it is. We did this with Lakeside Canning Co. in Plainview, Minn. We are doing this currently with Larsen Canning Co. in Green Bay.

We also have one plant in Chippewa Falls, Wis. and also one in Tampa, Tex., which has been closed for several months.

Mr. **Blouin**. OK. Is that Tampa, Tex. one permanently closed, or is to the company's intention to refurbish it and start it up again?

Mr. **Dvorak**. Well, we were making some changes in it and adding capital investment to it until the last day that it was closed and if I had to make any comment, I suppose at this point I would have to say that it is in the process of being sold.

Mr. **Blouin**. OK. Here, as far as the school lunch program is concerned in the ground beef and canned beef end of the contracts, as I understand it, aside from the school lunch program, are there any other Government contract bidding programs, food stuffs that you are involved in?

Mr. **Dvorak**. Yes, indeed. We bid Veterans' Administrations contracts, we bid Defense Supply Agency, and we also bid for Government contracts for a number of States.

Mr. **Blouin**. Is the method—let me back up.

You were here when the method of contracting was explained. Was that your understanding of the process as well?

Mr. **Dvorak**. Yes.

Mr. **Blouin**. All right. Is the method similar from one Government agency to another? Let's take the military supplies. Is the same process there as is in the school lunch program, or are there differences and, if so, what?

Mr. **Dvorak**. In both cases, they are competitive. They leave contracts out on Government bidding. The supervision by the Defense Supply Agency may be by their own personnel. In the Veterans' Administration, it is by the USDA personnel to assure them of the quality, quantity, and grade.

If you will let me volunteer a remark, I think that the USDA bidding is probably the most effective and efficient that I have seen anywhere in any of the institutional, State bidding and governmental bidding that there is.

Mr. **Blouin**. I am sure that the USDA people here like to hear people say that.

Mr. **Dvorak**. You understand that at this point, it bothers me to say it.

Mr. **Blouin**. That was my next comment. You made it for me.

What methods do you utilize in determining your bids for Government contracts, without divulging any inside——

Mr. Dvorak. What methods do we use?

Well, at any one time we know approximately, on the basis of prior years, contracting as to what type of product is going to be bid on by the USDA. We know what our raw material costs us, we know what our costs of operation are and then, on the basis of those two, we determine at any one time what we feel we can bid on *x* pounds of a particular product. Maybe I am not answering, but I do not——

Mr. Blouin. I think you are.

You heard the explanation of the USDA, and I think we put a similar question to them, as to how they feel Packerland has gotten so successful in the bidding. Are there other aspects of it? They mentioned the availability of livestock in Wisconsin, the processing system that has been set up exclusively for processed beef, and so on. Are there other aspects of it that they have not touched on?

Mr. Dvorak. Not really. They know our operations extremely well. Geographically, we are in a good area. We pull livestock out of the entirety of the Midwest, Iowa, Illinois, Minnesota, South Dakota, North Dakota, and then we feel we target and we gear up for this type of a volume production.

Mr. Blouin. Could you tell us how often your plants, or sections of your plants, have been closed down over the past 5 years by onplant meat inspectors, you know, when they shut down an operation for a day or an hour or whatever they do?

Mr. Dvorak. Oh, in the case of University Meats in the hamburger program, I had to look this one up. From the standpoint of exceeding the allowable limits that the USDA sets up for the meat inspection, we were put from an on-line inspection from a lot system for a period of 2 hours during the contracting season.

Now, however, I might add this, that there is a constant inspection in plant and illustratively in the morning, before you start up, there is a review of every single facet of your plant. The lay inspector, or whoever is there, may tag up a piece of equipment because it has not been properly sanitized, a conveyor, even the floor, what have you, or saw and say: "Hey look, you left some meat on here, the fat was not completely washed off from yesterday."

He will tag off a piece of equipment or areas that may have some steam condensation and say: "Look, until you clear the dripping off of the ceiling where the steam has come in, you are not going to operate." This type of thing. I could not begin to tell you how frequently this takes place, but this is a routine in any plant.

Mr. Blouin. Would you be able to tell us how many times in the past 5 years that kind of thing has happened? Is it possible to submit it at a future date?

Maybe it would be easier if we just asked the USDA to submit that.

Dr. Fullerton. Mr. Chairman, we will submit it.

Mr. Blouin. Thank you. The question has been answered. That probably would be easier for them to submit it anyway than for you to have to compile it.

What was the cause of the closing of the Pampa plant? Was it an inspection problem?

Mr. DVORAK. No, managerial difficulties from a standpoint of our inability to make a profit.

Mr. BLOUIN. Was that connected at all to the Federal inspection standards?

Mr. DVORAK. No.

Mr. BLOUIN. It was strictly a managerial decision because of costs?

Mr. DVORAK. It could not make a go of it. Sadly, this happens in industry.

Mr. BLOUIN. How much of the decision that you could not make it go was connected to the requirement that the plant facility be upgraded and that standards be met?

It seems to me that that plant—and here we go back to that questionable plant grading system, but that plant was never graded above 1.

Mr. DVORAK. We purchased the plant in 1974, ran it for awhile, took it from the preceding operators, then we had a fire, I believe in 1975 and were shut down for about 6 months. We rebuilt a good portion of the operation, stuck about $1.5 million into the remodelling and rebuilding and frankly, we were remodelling coolers, putting in insulation and fiberglass board and so forth, I believe, the day we moved.

We have continuously upgraded the quality of that plant.

Mr. BLOUIN. I do not think I asked this earlier. Is this a family owned corporation?

Mr. DVORAK. Yes, it is.

Mr. BLOUIN. It is.

The Frankenthals are the primary owners?

Mr. DVORAK. Yes, sir.

Mr. BLOUIN. All right.

So it was an incorporate decision that, in your opinion, was unrelated to your inability to get a 1 rating in the grading system?

Mr. DVORAK. Well, did it have an inability to get over a 1 rating? I think it did. On the other hand, I spent very little time there, so I could not—Mr. Rotter has spent more time than I.

Mr. BLOUIN. But that was not part of your decision?

Mr. DVORAK. No.

Mr. BLOUIN. All right.

Mr. Dvorak, would you care to comment on Dr. Burkert's quote in the Des Moines Register and I will read it again just to refresh your memory. "It is one big damned hassle to get them"—Packerland—"to meet our minimum requirements. There has never been a time when I did not feel there was a problem with these plants. I have encountered more resistance from Packerland than from anybody in my 20 years of service."

Would you care to comment on that?

Mr. DVORAK. If this is his feeling, that he has had more difficulties with us than he has had with anybody else, I am sure that

that is an objective evaluation. I have chosen to challenge the decisions that have come down from his office. I really have no more to say.

Mr. **Blouin**. How about Dr. Mulhern's letter to you of March 10, 1976, when he stated:

> I can assure you that the problems that we have with your company are very rare in our total inspection system. I am sure we have an occasional problem with many plants, but they do not seem to persist as long as those at your plant.

Do you have any comment for the record on that?

Mr. **Dvorak**. Yes, I do.

First of all, that comment was taken out of context, but then, that is immaterial. But we have been a controversial company. We have——

Mr. **Blouin**. Could you explain what you mean by that, because I am reading right from his letter and it is a very brief letter.

Mr. **Dvorak**. Yes, sir.

It did not relate to problems of sanitation. It related to problems of procedures. It related to problems with personnel and I will let Dr. Mulhern speak for himself.

At least, I know the previous correspondence that preceded this particular letter and I will be happy to let you have the correspondence, if you should so desire.

Mr. **Blouin**. I think that that would be very helpful for the record.

Mr. **Mulhern**. I agree with that statement, Mr. Chairman, that he just made.

Mr. **Blouin**. Would you like to add anything to that?

Dr. **Mulhern**. I do agree with the statement that Mr. Dvorak just made that it was persistent problems and procedures and——

Mr. **Blouin**. And not a sanitary condition problem?

Dr. **Mulhern**. Yes, sir.

Mr. **Blouin**. All right.

And the procedures had to do with harrassment problems? Is that accurate?

Mr. **Dvorak**. There are more than one way to get the job done in the packing industry.

Mr. **Blouin**. I understand that. My question is, is the procedures—and I direct this to both of you—had to do with the harrassment problems that we have discussed here today already. Is that accurate?

Mr. **Dvorak**. Yes.

Mr. **Blouin**. Not the sanitary conditions, but the harrassment conditions?

Mr. **Dvorak**. There is a touch of irony here because we have thought that we were the ones being harrassed.

Mr. **Blouin**. Dr. Mulhern, is that accurate?

Dr. **Mulhern**. Yes, it is accurate.

Mr. **Blouin**. And your concern had to do with the harrassment of your inspectors in the plant by employees as well as company officials, or just general harrassment in the facility? That is what this letter was referring to?

Dr. Mulhern. That is right.

Mr. Blouin. Is that accurate to both?

Dr. Mulhern. That is correct. We are pretty much on the same wavelength, and I felt that the understandings were really quite good.

Mr. Blouin. Would you care to give us an explanation, if you can, as to why you think there is more of a harrassment problem at your plant than anywhere in the country?

Mr. Dvorak. I do not know whether there is any more than there is anywhere else in the country. I do know this, however, that I personally—and I know I represent the ownership at the time, who is now deceased—that I personally felt that the degree of it was really not warranted, and that I—I have forgotten the name of the Congressman who made the statement. Was it Mr. Goodling?

Mr. Blouin. Mr. Goodling.

Mr. Dvorak [continuing.] About the number of complaints that he gets. Now that somewhat intrigued me, because it indicated that we are not alone.

Mr. Blouin. Was he referring to the USDA at that point? I have four substantial packing plants in and around my area and I very seldom get a complaint.

Mr. Dvorak. Congratulations. I am not being facetious.

Now, perhaps we were excessively excessive in it, however we did feel justified at the times that we wrote that we were being subjected to undue pressures that were abnormal and beyond what the regulations called for.

Mr. Blouin. Did that prove to be the case?

Mr. Dvorak. I would suppose I would have to call it a 50–50 tossup. Some we won, some we lost, and when we lost, we took them graciously.

Mr. Blouin. Would you call it a 50–50 case?

Dr. Mulhern. I really do not understand the question.

Mr. Blouin. The question has to do with the statement that Mr. Dvorak made that they felt at the time that they were being harrassed. I asked, as a followup to that, was that proven to be the case, and his statement is that it was about 50–50, about half and half. He felt that they substantiated about half of the harrassment to the company and you substantiated about half of the harrassment to the inspectors.

Dr. Mulhern. I cannot say percentagewise. There were situations that he brought to our attention in which we reacted and felt that we were in error, but I think that 50–50—I would say that in most cases we did not change our position, indicating that we supported the position that the inspector took.

Mr. Blouin. Are those conditions still present, the harrassment problems, in your opinion?

Dr. Mulhern. I am not that close to it. They have not come to my attention.

Mr. Blouin. Is there anybody here from the USDA who would be that close to it? I would like to ask Mr. Dvorak the identical question.

Dr. Krivacek?

Are the problems of harrassment at Packerland still present?

Dr. KRIVACEK. I would like to say that the relationship has gotten real good there in the last year and a half. I do not know the last time I got anything called harrassment. You have to remember to expect this in this meat packing business. Any time you ask these people to spend a lot of money, you are sure they are going to object and this is what it is all about.

Now, going back to these 103 items that you are talking about, I would like to interject this for what it is worth. I do not want to embarrass you gentlemen. We have what I call two longstanding items that are still not corrected.

In the outer area in the plant there, you have the exterior blacktop taken care of, hard surface here and there and well, the way they are doing it does not suit me. Certainly they are filling in these chuckholes from time to time, a few trucks drive by and you have chuckholes again, No. 1.

The other big item would be cracks in floors. I do not know what the involvement is here. I tried to exert a little pressure to get the holes hard surfaced. We will keep fussing if these cracks keep developing.

What did you say that would cost, Orval, for that operation? When it is a question of money, is this harrassment, or is this part of the business?

Would you care to comment on that?

Mr. BLOUIN. So you are saying that there are a couple of major points that still have not been corrected?

Dr. KRIVACEK. I would like to see them corrected so that we can get away from these leaky floors.

Mr. BLOUIN. In your opinion, there are still problems in the quality standard of the plant, the floor and the lot outside?

Dr. KRIVACEK. Yes, sir.

Mr. BLOUIN. Let me ask Mr. Dvorak——

Dr. KRIVACEK. May I add one thing sir? When they opened up the plant, this was a brand new floor and through no fault of their own, I guess, that whoever constructed the floors, somebody goofed and these cracks developed. In fact, before the plant opened up, there was evidence of cracks, for what it is worth.

Mr. DVORAK. We repaired the floors categorically, continuously. We make this a part of our regular maintenance and I discussed this with Dr. Krivacek a number of times. It would require frankly tearing out—I suppose it would cost $100,000 to $150,000 for us to repair the floors.

Mr. BLOUIN. $100,000 to $150,000? Is that a sizable investment?

Mr. DVORAK. That is a sizable investment.

Mr. BLOUIN. For the volume that you run through there, it is still a sizable investment.

I think earlier—and this is my last question and I will yield to Mr. Cornell—Dr. Burkert and Dr. Mathias have both substantiated a statement that no quality control existed—past tense—at Packerland. I know he was talking about plant inspectors.

You mentioned in your testimony that your plant had established standards that exceeded those of APHIS. How do you explain the statement, then, by Dr. Mathias and substantiated by Dr. Burkert?

Mr. Dvorak. Dr. Mathias was reading from Dr. Whitman's report. He did not know what quality standards were being utilized in the plant. I make the onsite inspection with Dr. Whitman. I know what caused the rating, the No. 1 rating, that we got. I know that he did not bother to check to see whether there were any quality control stations between where he found—and what triggered this was a piece of the hide with hair on it about the size of my thumbnail that somehow or other had gotten onto the tables.

He did not recognize—I do not know whether he even bothered to find out—that there were at least three other checkpoints beyond this, before that meat went to the grinder, by both our quality control people and also the USDA rating service.

Now, after this is over—and I would like to make a point of this, sir—after this was over, we sat down with the meat inspection people in order to prevent a recurrence and we set up, wrote new standards, for online inspection which, frankly, I think were probably deficient and we, in turn, accepted standards for ourselves 25 percent tougher than this in order to keep the plant from being tied up should similar situations arise.

Mr. Blouin. Dr. Fullerton, I sense that you have a comment that you would like to make at this point as well.

Dr. Fullerton. Thank you, Mr. Chairman.

In this particular instance, I think our reviewers were looking at this Federally inspected establishment on the basis of what kind of product would be going out for the general public. I believe Dr. Whitman's review was made with that in mind, and an online inspection procedure is needed.

We have, if we want to get into numbers, one inspector in this particular establishment, as I understand it, per shift. To overcome this particular problem for the school lunch product, I believe—and I can stand to be corrected on this—I believe there are some eight or nine graders that are carrying out this contract work. Mr. Coplin testified to that, I believe, that each piece of meat is individually handled.

Should products be going out of this plant with the low grading continuing, going for general public only, we would not have inspectors in there doing that, so we do need the online program that was pointed out in the IPCG report.

Mr. Blouin. You say there is only one inspector in how many?

Dr. Fullerton. Only one inspector in this particular plant in question. This is a processing plant, and I believe that is correct.

Mr. Blouin. If there were a slaughtering plant it would be about what, seven or eight?

Dr. Fullerton. It depends on the work involved there. We have a work measurement system that we use to staff plants.

Mr. Blouin. Why the difference?

Dr. Fullerton. Because the law requires a carcass-by-carcass inspection of all animals slaughtered, and we feel that our inspection procedure requires that certain organs, certain glands, certain lymph nodes be incised to insure that diseased animals are not being passed.

Mr. Blouin. I understand why you have so many at the slaughter house, but I cannot understand how one inspector can check 60 million pounds of ground beef.

Dr. Fullerton. One inspector cannot check 60 million pounds of meat. One inspector can only monitor the plants' programs on how they are checking it, and that was what was missing from the particular procedure at the time of the review when this plant was categorized No. 1.

Mr. Dvorak made immediate corrections, as he stated. At the same time, Mr. Coplin said you have no fear of any school lunch product going out adulterated because he had assigned sufficient numbers of graders to individually handle each piece of meat.

For the school lunch contract, no problem. For the particular meat that might have been going to the general public, those graders would not have been there.

That is what gives us our concern, and that is what we wanted corrected and I understand from Mr. Dvorak, from Dr. Burkert, and from Dr. Krivacek and from our records that correction was, in fact, made in February of the year that the category 1 rating was given.

Mr. Blouin. And you said that Mr. Coplin had eight inspectors in the plant, is that right? Eight graders?

Dr. Fullerton. I said approximately eight graders. I do not know. Maybe Mr. Coplin would like to address that.

Mr. Blouin. Is that accurate?

Mr. Coplin. In the two plants in Green Bay, during the school lunch production season——

Mr. Blouin. Please come to the table and use the microphone.

Mr. Coplin. During the production season, the school lunch program in the 2 plants—well, in the 3 plants, the canning plant also—I had 14, on the average of 14 meat graders in Green Bay performing this acceptance program.

Mr. Blouin. Were they assigned to specific plants of the three?

Mr. Coplin. Yes, sir.

Mr. Blouin. How many were assigned to University Meats?

Mr. Coplin. Anywhere from five to six meat graders at the University Meat plant.

The point has been made here that we picked up each piece of meat before it goes into the grinder. We check each piece of meat before it is even formulated, before it has been put into a secure location to see, No. 1, that it is clean; No. 2, that it has the proper grade; and No. 3, that it is formulated properly in that you have at least 50-percent primal and not more than 50 percent of the shank, and so forth.

Then it goes on the boning bench, and then it is checked. Each piece, after it is boned, is also checked by two graders at this line, on each side of the moving belt. Then when it goes through the grinders, it is checked into the packaging and from there it is checked into the fast freezer 10 minutes later.

Mr. Blouin. Does anybody check it once it reaches the schools?

Mr. Coplin. I have.

Mr. Blouin. Your division does it? Is it on kind of a regular basis? Does every site at some point in the course of 1 year get a spot-check?

Mr. Coplin. In the last 3 months I have checked the schools in Illinois, Wisconsin, and Indiana.

Mr. BLOUIN. Is it every school or is it a random selection?

Mr. COPLIN. Well, it would be random, but I would say in the last 3 months I have checked schools that have fed, oh, 20,000 students. This school, that school that is feeding 1,400 and so forth. I personally, or any one of my supervisors.

We do try to do this on a routine visit as an example, to South Bend, Ind., we will stop off at a school on the way and another one on the way back. We try to do this as much as we can.

Mr. BLOUIN. Two very short followups to that, and then I will shut up.

Is that an adequate inspection of the school lunch site for quality, and second, are six graders enough, in your opinion, to check the quality, the grading quality, of the meat at the processing plant?

Mr. COPLIN. Yes, sir, in my opinion, it is more than adequate.

Mr. BLOUIN. In both instances the answer is yes?

Mr. COPLIN. Yes, sir.

Mr. BLOUIN. Spot checks is all you need at the school lunch program, random spot checks?

Mr. COPLIN. Yes, sir.

Certainly this would change if you had any complaints. I have never had a complaint from a school on quality or condition or anything like this, of school lunch ground beef.

Mr. BLOUIN. In terms of the grading?

Mr. COPLIN. In terms of the quality of the ground beef which is also, I believe, in the context here is sanitation.

Mr. BLOUIN. You ought to check with Racine, Wis., because we got a call from a school complaining about the quality.

Thank you.

Mr. Cornell?

Mr. CORNELL. Thank you, Mr. Chairman.

While Mr. Coplin is here, I might ask him if he can recall a case in Green County, Wis. of charges—I do not know whether it was really under Federal inspection, but it was a school lunch program that they were complaining about contaminated meat.

Mr. COPLIN. It was State inspection.

Mr. CORNELL. It was State inspection. I see.

That was just one little instance that I can recall and some people thought it was Green Bay. I got some mail about it.

Mr. COPLIN. Mr. Chairman, may I just make one little comment, please?

Mr. BLOUIN. Yes.

Mr. COPLIN. You know, we talked about harrassment and all of this. I do not want to appear that the Meat Grading Service is any school picnic, you know. In our case, it is a case of whether you grade it Good or Choice or Prime, which involves a lot of money.

There are two things, in my opinion, where you would get pressure, and one is to put more fat in, which we have well controlled, and to upgrade. I do not see anybody in their right mind wanting deliberately to put any foreign material in the meat. If they can get fat in, that will put them in a little better position; if they can get it upgraded, here, too, it would give them a benefit. But to put—this does not sit with me, that anyone——

Mr. Blouin. Well, I would doubt that anybody has tried to imply that anyone deliberately puts foreign material into meat. The whole question is whether or not the system is adequate enough to insure that it does not accidentally get in and whether or not conditions are adequate enough within the plant to see to it that it is in an environment where it does not accidentally happen, and I think that is the whole purpose of this hearing today, to determine whether a situation where there is a history of environment problems, whether or not there should be some different standards in terms of eligibility for bidding.

But I would hope that no one has implied, directly or indirectly, that anyone is intentionally trying to put foreign material into meat.

Mr. Coplin. Well, I really meant that I cannot see people setting up standards that would adequately prevent this. Certainly, there are always exceptions——

Mr. Blouin. Well, I can, because that is why the program was developed in the first place, because a lot of people were. It was not foreign material, you know, it was less quality, cut a corner here, cut a corner there, and before you know it, there was not much meat in that hamburger, that kind of thing.

That is what this program grew out of over the years, is that there definitely was a need for it. But I will give Mr. Cornell his time back.

Mr. Cornell. Thank you.

While I am not a lawyer, I still think it would be rather unfair to ask you, Mr. Dvorak, if harrassment at Packerland continues, as was previously stated. Instead, what I would like to ask you, would you have any opposition to the suggestions that were made by the Secretary in regard to the revision of the standards of the Department?

Mr. Dvorak. No; I cannot say that I have any opposition. Certainly the consumers, the public, is enitled to the very finest quality. I mean, there is no question. I think that it is imperative in doing this, however, that you also use some pragmatism in devising a system that will be. I think on the whole that our relationships with Meat Inspection Service are really quite good.

Mr. Cornell. Well, for example, if I might mention one, in the State contracting for public construction we have a provision that does not necessarily go to the lowest bidder but to the lowest responsible bidder, and I would presume that it is something like that that the Secretary had in mind.

Mr. Dvorak. Mr. Cornell, may I address myself to that?

Mr. Cornell. Surely.

Mr. Dvorak. We will be very successful bidders under whatever standards the Department has, rest assured.

Mr. Cornell. Very good.

You mentioned, if I recall correctly, in your statement just a little while ago that you purchase about 100,000 pounds daily, so that you actually purchase about one-fourth of your total amount?

Mr. Dvorak. That is during the time that we are engaged in the school program.

Mr. CORNELL. So three-fourths of the meat you slaughter yourself?

Mr. DVORAK. That is correct.

Mr. CORNELL. Now, you said that, in regard to the question I put to the USDA people, that you probably had a higher than average percentage of condemned animals. Is that overall, or just during the period of the school lunch program?

Mr. DVORAK. Overall.

Mr. CORNELL. Overall.

Would you care to account for that?

Mr. DVORAK. I do not know how to account for it. I am taking a negative approach. If there is any question here about whether any favoritism is shown or the public is not being served well, and if averages mean anything at all, I will assure you that there is not, if you want to use that as a basis for judgment.

Mr. CORNELL. One other thing. In your formal statement you mentioned that you imposed standards 25 percent tougher than those requested by the Animal and Plant Health Inspection Service.

What were you referring to in that?

Mr. DVORAK. This is rather lengthy. Could I just leave a copy of this with the committee?

Mr. CORNELL. All right. Surely.

In other words, you are making your standards stricter as far as sanitation standards for your plant for the contract season, I understand it?

Mr. DVORAK. That is at any time. We did that at all three of our plants. Excuse me, at all three of our boning operations.

We have two in the Packerland plant and also one at University Meats, and so we put the same standards into the entirety of the organization.

Mr. CORNELL. It does not apply only to the contract season?

Mr. DVORAK. No way. It applies to all meat is treated equally, as far as we are concerned.

Mr. CORNELL. I see, because the way you phrased it you said that you operated under those standards during the entirety of this past contract season from September to February producing 300,000 to 400,000 pounds of ground hamburger.

Mr. DVORAK. That is a misnomer, sir. I am sorry. I appreciate being corrected.

Mr. CORNELL. All right.

Thank you, Mr. Chairman.

Mr. BLOUIN. I have no further questions at this time, Mr. Dvorak. Do you have any final comments that you would like to make, or anyone from USDA? It probably would be fair to find out if anyone feels there may be something that we ought to address before ending this hearing.

Mr. DVORAK. I appreciate the opportunity to be here before you.

Mr. BLOUIN. Thank you very much.

Just as a final comment before the meeting does adjourn, I think because we are, during the next week, going to be marking up the school lunch programs commodity amendments in full committee, some of us are going to indicate a legislative intent with regard to contracting commodities for the school lunch program in terms of checking into Mrs. Foreman's recommendations.

Maybe we can give some of those recommendations more effect through legislation than through regulations, and we are certainly going to check into that.

Your suggestion with regard to the affidavit for the school lunch program contractors that they meet higher standards are certainly good ones as I view them. I would think that Packerland, as I understand it, has a 25 percent higher standard imposed upon themselves would be very much in agreement with their decision to do that, and I would hope that we could make those changes rather quickly and see to it that the kinds of problems that have existed in the past do not develop again in the future.

The school lunch program is too important and there are too many people in this country that depend on it, and we woud hate to see this turn into an opportunity to dismantle the program or change it in any major or significant way.

Mr. Cornell, do you have anything further?

Mr. Cornell. No comments.

Mr. Blouin. Thank you for coming. The subcommittee is adjourned.

[Whereupon, at 1:10 p.m. the subcommittee was adjourned, to reconvene at the call of the Chair.]

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